



### Lendl Captures Australian Open

Ivan Lendl won his first Australian Open on Sunday by dominating Miloslav Mečíř, 6-2, 6-2, 6-2, to reclaim the No. 1 spot in the rankings from Mats Wilander of Sweden. Page 13.

## Afghan Capital Braces For Soviet Departure

By Richard M. Weintraub  
Washington Post Service

KABUL, Afghanistan — The helicopter gunships swirling in low over the Salang Highway, Kabul's lifeline to the Soviet Union, heading toward a clash at the edge of a plain only about 16 kilometers (10 miles) from the last perimeter outpost for the Afghan capital.

In the distance, huge explosions were followed by towering plumes of black smoke, a result of rockets fired by anti-government mujahidin guerrillas, according to Afghan Army personnel manning the station.

Only a couple of hours before, they said, a convoy of 350 trucks carrying vital needed food and fuel had passed the checkpoint, bringing relief to the more than two million residents of the beleaguered Afghan capital.

In a matter of days, convoys of Soviet troops and equipment are expected to head north up the same highway, ending their nine-year stay in Afghanistan and bringing resolution of a decade-long civil war closer to a final reckoning.

Seen from inside Kabul, the mountains form a forbidding snow-capped bowl around the city. But from a vantage point 13 kilometers outside the city's perimeter road, the snowfields rise up steeply only a few hundred meters away from the two-lane highway. In places closer to the Salang tunnel, which is about 115 kilometers north of Kabul, they edge closer.

It was at the tunnel that Soviet and Afghan government forces reportedly bombed and shelled Afghan villages and mujahidin positions a week ago to clear them for the departing Soviet troops and the southbound supply convoys essential to the survival of Kabul and the government of Major General Najib, the Afghan leader. Several hundred villages and guerrillas were reported killed.

But Afghan soldiers said Sunday that mujahidin forces remained in the mountains bracketing the highway, and the firefight in the distance bore witness to their continuing ability to attack.

"The opposition, they are up there," said an Afghan, pointing to the mountains.

The convoy came through relatively unscathed on Sunday, according to the Afghan soldier at the checkpoint, with minor damage to trucks and wounds to one driver.

Despite a continuing air raid of flour and other goods from the Soviet Union, residents of Kabul continue to line up in the predawn hours for limited quantities of bread and flour.

Limited fuel convoys have done little to shorten the lines at Kabul's gas stations.

See KABUL, Page 6

### Kiosk

#### Coalition Loses In West Berlin

BERLIN (Reuters) — The ruling center-right coalition in West Germany suffered a heavy defeat in West Berlin local elections on Sunday, and an extreme rightist party led by a former Nazi SS officer gained a city parliamentary seat for the first time.

In an unexpected result, the Christian Democrats lost nearly 10 percentage points, to 36.9 percent, while the opposition Social Democrats increased its support to 37 percent. The coalition partner, the Free Democrats, appeared to lose their representation.

### MONDAY Q&A



**Former President Valéry Giscard d'Estaing of France, who said the Soviet economic restructuring was not yet working.** Page 2.

**General News**  
Rival factions hinder progress toward a political solution in Cambodia. Page 2.

**Business/Finance**  
Bond Corp. rejected an offer for its Hong Kong subsidiary, Bond International. Page 7.

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## U.S. Underrated Level of '62 Soviet Force in Cuba

By Michael Dobbs  
Washington Post Service

MOSCOW — The United States seriously underestimated the number of Soviet forces prepared to defend Cuba during the 1962 missile crisis, a former U.S. defense secretary, Robert S. McNamara, said Sunday.

Meeting with reporters after a two-day Moscow conference on the Cuban events, Mr. McNamara said he had assured Soviet and Cuban participants that the United States had no intention of invading Cuba before the crisis erupted. But he said he was convinced that the Cubans had genuinely believed that an invasion was likely.

New revelations at the conference, the first U.S.-Soviet-Cuban meeting to discuss the missile crisis, suggest that there were major failures of communication between Moscow, Washington and Havana. It has become apparent that both President John F. Kennedy and Nikita S. Khrushchev, the former Soviet leader, lacked vital information in assessing one another's motives and actions.

American participants now appear to accept that one of Mr. Khrushchev's primary goals in installing missiles in Cuba was to defend the island against a possible U.S. invasion. When U.S. officials and ac-

demies met in Florida in 1967 to discuss the crisis, they speculated that Mr. Khrushchev may have been acting to shore up his domestic political position or to strengthen his hand over Berlin.

At the press conference Sunday, the former Soviet ambassador to Washington, Anatoli F. Dobrynin, said that he had not

Soviet military personnel in Cuba at the time, supported by the 240,000-member Cuban Army.

Mr. McNamara, the senior former U.S. official at the conference, said that the United States had estimated the Soviet presence at only 10,000 to 12,000. "In any event," he said, "the Cubans said they

**"The Cubans said they would fight to the death, in their phrase 'to the last bullet.' Just think about what would then have happened."**

Robert S. McNamara

been informed of Mr. Khrushchev's decision to install missiles in Cuba until the crisis broke.

"See how great a secret it was," said Mr. Dobrynin, who was the main channel for messages between Washington and Moscow during the crisis and who now serves as a foreign policy adviser to President Mikhail S. Gorbachev.

A Cuban Politburo member, Jorge Risquet, said that as many as 800,000 people could have died if the United States had invaded the island at the height of the crisis. He revealed that there were 40,000

would fight to the death, in their phrase 'to the last bullet.' Just think about what would then have happened."

The crisis started in mid-October 1962, 18 months after the Bay of Pigs fiasco when U.S.-armed Cuban guerrillas began an abortive invasion. Mr. Khrushchev finally bowed to intense U.S. pressure and agreed to dismantle the Soviet missiles in return for an American pledge not to invade Cuba.

### Warheads Were Deployed

Bill Keller of The New York Times reported earlier from Moscow.

## Iran's Poison Gas Has Links to West

By Michael R. Gordon  
New York Times Service

WASHINGTON — Working through its embassy in West Germany, Iran has secretly enlisted companies from Germany, Asia and the United States to expand its limited stockpile of the chemicals needed to make poison gas, according to U.S. court records and American officials.

The officials said Iran stepped up its purchases in the late stages of the Iran-Iraq war, during which both sides used chemical weapons.

The officials said Iran, apparently in an attempt to match the superior chemical capabilities of Iraq, has continued to buy chemicals in large quantities since the truce in the Gulf War in August.

Iran's plans to improve the output of its poison-gas factories concern administration officials, who say they are worried about the spread of chemical weapons in the region.

The administration has shown less public concern about chemical warfare programs in Iran, Iraq and Syria than it has in Libya.

U.S. officials have recently mounted a public campaign to prevent Libya from receiving Western help in running a chemical plant that the administration says is the largest poison-gas factory in the Middle East.

"The Libyan program got attention because it was new and because it involved Gadhafi," said one official, referring to the Libyan leader, Colonel Moammar Gadhafi. "Iran's program has been going on for quite some time, and we're trying to slow it down by putting pressure, behind the scenes, on suppliers of chemicals."

Iran's efforts in Bonn to obtain chemicals were revealed, in part, through a Customs Service investigation in Baltimore. That inquiry



The U.S. secretary of defense-designate, John G. Tower, shielding his eyes against camera lights on Sunday in Munich at the start of a meeting on North Atlantic Treaty Organization military affairs.

## Economists See Glimmer of Golden Age

By Reginald Dale  
International Herald Tribune

DAVOS, Switzerland — Is the world poised on the threshold of a brave new era of economic growth after two decades of stagnation or was the boom of 1988 merely a bright blip in a slowing trend?

Some economists, such as Lester C. Thurow of the Massachusetts Institute of Technology, attribute last year's surge of expansion to "the grand, glorious good luck" of the stock market collapse of October 1987, which panicked govern-

ments worldwide into a once-only boost to their economies.

A growing number of Mr. Thurow's colleagues, however, now believe that conditions are ripe for a return to growth rates approaching those of the "golden age" of the 1950s and 1960s.

After expanding by 6 percent a year in the 1960s, the world economy slowed to 3 percent growth in the 1970s and 2 percent in the 1980s.

It was the latter, gloomy scenario that overwhelmingly found favor at this year's annual gathering of the

## A Glasnost Statistic: 20% Live in Poverty

By Esther B. Fein  
New York Times Service

MOSCOW — Valeriya Ionava struggles privately in her Moscow apartment to live on a monthly pension of less than \$60. Yelena Smolnikova has to skip meals so that her meager income can be stretched to buy clothes for her children.

In the Soviet Union, the plight of poor people like Mrs. Ionava and Mrs. Smolnikova is mostly unseen, although occasionally, in underpasses or entrances to subway stations, beggars meekly push forward cupped hands.

But the Soviet authorities, who once denied that poverty existed in their country and pronounced it an evil of capitalism, now say that tens of millions of citizens — at least 20 percent of the population — live in poverty, compared with about 14 percent in the United States.

Their condition has drawn a remarkable amount of attention in the Soviet press in the last year, with frequent letters from poor people bemoaning their misfortune and articles by economists and sociologists blaming the government for neglecting the problem.

"Poverty is a reality, our national tragedy," the newspaper Komsomolskaya Pravda said recently.

Officially, the poverty level in the Soviet Union for an urban family of four is 205.6 rubles a month (\$339.24 at the official exchange rate of \$1.65 to the ruble). This is about \$1 ruble, or \$85, a person.

But Soviet authorities and scholars readily admit that the figure, calculated in the 1960s, is outdated. Most agree that 75 rubles a month per person are necessary for "minimum material security."

From four to five million Soviet families fall below the for-

mal poverty level, according to Soviet officials, and a full 20 percent of the population lives on less than 75 rubles a month. "More than 43 million people are living in families with incomes of less than 75 rubles a month per person," said Leonid E. Kuznetsov, chief of the economics department at the State Committee on Labor and Social

**"I would ask for help. But there is nobody to ask."**  
A homeless woman in Moscow

Issues. "We have to do something to help these people."

But there is no state plan for dealing with poverty, several Soviet officials said in interviews, and there is no government agency to which people in need can turn.

Soviet officials refer to these people as living in a state of "underprovisioning," but the euphemism does not conceal that they are, in fact, poor.

"I am not underprovided for — I am not provided for at all," said Yelena Karpova, 40, who was interviewed at the Lenin-gradsky train station in Moscow where she was spending the night.

Miss Karpova said she was homeless and jobless and wandered Moscow's train stations for shelter.

"I would ask for help," she said, "I have lost my pride. But there is nobody to ask."

Y. Stakhovskiy, an electrician from Dnepropetrovsk in the Ukraine, is homeless and lives in a collector, a pipe for warming rooms in winter.

"It's three years now that I've

See POOR, Page 6

## Japanese Team Up in Race to Produce Superchip

By David E. Sanger  
New York Times Service

KAWASAKI, Japan — Near rusting railroad yards and blackened smokestacks in this industrial town, Dr. Akinobu Kasami and a team of 50 researchers are working to transform the theory of high-temperature superconductivity into the business of practical electronic products.

With a large research budget, the latest equipment and connections to a host of national projects, the Kasami team at Toshiba Corp.'s research laboratories is tinkering with a simple electronic circuit carved from a thin film of yttrium barium copper oxide, a little-understood compound with superconducting properties.

"It will be 10 years or more before we can make good superconductive devices," Dr. Kasami said.

It will take even longer, he said, to reach one of Japan's new national goals: developing a superconductive chip, whose remarkable speed could revolutionize computers and communications. "We will need some major breakthroughs."

Superconductors are materials that conduct electricity without losing energy to resistance. The phenomenon was originally found to occur in metals cooled to near absolute zero, or minus 460 degrees

Fahrenheit (minus 273.15 degrees centigrade).

The new "high temperature" superconductors are made from exotic ceramic compounds that can reach this seemingly magical state at temperatures as high as 235 degrees below zero. But this is still too cold for most commercial applications.

So far, the great breakthroughs in superconductivity have happened outside Japan, in nations with stronger traditions of basic research. But as the industrial world's attention turns to commercializing superconductor technology, Japan feels it is on home turf.

Japan's expertise is in taking sophisticated technologies and finding practical uses for them. All over the country, small and large teams are at work on projects as old as Japan's long-term program to build a levitating train, as basic as efforts to form superconductive wire, as bizarre as exploring some researchers' belief that seaweed has superconductive properties.

Japan's aggressive approach of drawing government, universities and industry together and teaming companies on some problems and putting them in competition on others has raised concern in the American scientific community and the Pentagon.

In the United States, basic researchers and designers of com-



Dr. Akinobu Kasami, right, discussing the superchip project with a researcher, Yoshiaki Terashima.

mercial products usually work separately.

The difference was one of several noted in recent months in the United States, as both a Defense Science Board report and a White House advisory panel warned that

Japan is plowing ahead while Americans are still arguing over how to get organized.

Congress is talking of an American superconductor consortium, Japanese-style. The Office of Technology Assessment recently con-

cluded: "As the scientific race becomes the commercial race, Japanese firms could take the lead. Indeed, they may already be doing so."

Up close, the Japanese effort ap-

See JAPAN, Page 6



## Giscard Sees No Clear Soviet Plan on the Economy

The Trilateral Commission has commissioned a study of East-West relations by Valéry Giscard d'Estaing, former president of France, Yasuhiro Nakasone, former prime minister of Japan, and Henry A. Kissinger, former U.S. secretary of state. After meeting with Mikhail S. Gorbachev in Moscow, Mr. Giscard d'Estaing talked with Joseph F. Fitch of the International Herald Tribune about likely Soviet developments.

**Q: What impressed you most?**  
A: The Soviet Union's military perestroika has been thought out in detail and is being implemented. But economic perestroika, the key to the political outcome there, is not working yet. Soviet leaders have no clear plan about what policies to pursue. We can count on a smooth transition to new Soviet security policies, but the Soviet Union will remain in the grip of economic problems and uncertainty for many years.

**Q: Did you sense opposition in the Soviet military?**

A: No. When a nation has emphasized military strength for 40 years and channeled most of its resources into that sector, talent naturally concentrates there. Now the armed forces have received clear political directives and are carrying them out efficiently. I think Soviet leaders are in a hurry to cut their forces for economic reasons. They will negotiate shrewdly and tenaciously and they want their smaller army to be more modern. But Soviet officers outlined plans to shift to a defensive posture, by the beginning of 1991, they said.

**Q: How much freedom will Moscow give Eastern Europe?**  
A: The issue has not been settled. Some officials cite Gorbachev's speech at the United Nations to mean these countries are free to chart their own courses. But others talk about enduring "historic ties." The question is, can the Soviet Union tolerate economic and even political independence in these countries as long as they do

### MONDAY Q&A

not become a security threat. But I was struck by how unconcerned Soviet officials seemed about changes, such as free trade unions in Poland, that alarmed them before.

**Q: What are the major difficulties in economic perestroika?**  
A: They have no managers, no accounting, nobody who knows how to handle market economics. Even on prices, officials gave us contradictory views. Some want Soviet prices rapidly aligned with world levels. That would mean raising oil prices by 230 percent, a 50-percent increase in construction costs, charging people for the water and electricity they consume. Other officials argue that there is no point in taking this political risk until the Soviet Union has developed industries and managers capable of responding to a more realistic economic climate.

**Q: What will Gorbachev do?**

A: They set enormous store by seeing Gorbachev elected president in April after the current Soviet-style elections. They believe that it will give him more legitimacy in

tackling his dilemmas. Politically, they have to deal with the nationalities problem. Andrei Sakharov talks about only one thing: the problem of Armenia — and the Baltic republics are perhaps even more difficult. In the second half of the year, the leadership will focus on the economic problems, mainly the debate over prices. I think that they ought to start adjusting the ruble this year to a more realistic level.

**Q: But how will they tackle the fundamental problems?**

A: They cannot adopt a classic recovery program of the International Monetary Fund type because the Soviet Union lacks the basic human and market infrastructure. So they have to lead a two-pronged approach, trying to edge toward a more modern, open economy while also working to develop managerial talents and industrial texture. One way to do this would be gradually open individual sectors to international competition, for example energy.

**Q: Did the three of you arrive at similar conclusions?**

A: I think so. But the Soviet Union and Japan remain suspicious of one another, in contrast to improved Soviet relations with the United States and Western Europe. Soviet troop cuts in Europe were pointed out duplicated in the Far East, and the Japanese seemed unresponsive to Soviet hints about international cooperation.

**Q: What policy do you recommend for the West?**

A: So far, we have simply resorted to traditional remedies, loans, which in fact the Soviets do not want. If they agree on one thing about their predicament, it is that the answer is not more debt. Let's get beyond

the debate about whether we ought to finance Gorbachev's Soviet Union. We're not. The question is whether, in our mutual interest, we can find ways to finance and help with the modernization of some aspects of the Soviet economy. We have only just begun to explore how much latitude joint ventures will provide for Western-style business practices. A possibility is to provide management training. Another possibility: Can we provide technical assistance for the Soviet efforts to encourage long-lease individual farming?

**Q: Do you sense a convergence on Soviet policy between the United States and Western Europe?**

A: Let's say, "no divergence." I would hope that France can act as a kind of "technical consultant" for Soviet economic perestroika. U.S.-style free enterprise obviously is unsuitable for the Soviet Union right away. But France, which experimented with economic planning and now has a mixed economy, is better placed to advise and help in the Soviet context. Naturally, when I say "France," I mean as part of a common European approach.

**Q: How good are the prospects for this united Europe?**

A: Unfortunately, strong inspired European leaders who succeed in rebuilding their countries develop a fear that their national success will be watered down and lost if they join a larger European entity. It happened to De Gaulle, it is happening to Mrs. Thatcher. She invested herself totally in restoring Britain's prestige and, unless leaders make that kind of intense political commitment, we will not achieve European unity.

## Hecklers Call Walesa a 'Traitor' on Polish Talks

Reuters

**WARSAW** — Dozens of youths shouted "Traitor!" at the Solidarity leader, Lech Walesa, on Sunday because he has agreed to start talks next month with the country's government.

It was the first open criticism of Mr. Walesa for agreeing last Friday to talk with the Communist authorities.

Youths shouted "Down with the traitor!" and "No talks with murderers!" as he addressed a rally in the northern city of Gdansk, witnesses said.

Terms for legalizing Solidarity after a seven-year ban are to be discussed starting Feb. 6 at "round table" talks as part of a proposed pact between the government and the opposition on overcoming Poland's social, economic and political crises.

The proposal has aroused opposition among some anti-Communist radicals in Solidarity and among other small groups that refuse to recognize the legitimacy of Communist rule in Poland.

About 30 Solidarity radicals from Gdansk, led by Andrzej Gwiazda, once a close associate of Mr. Walesa, recently accused him of using dictatorial methods to impose his will on the union.

Witnesses said youths at the rally held banners for the Movement for an Alternative Society, the pacifist Freedom and Peace group, and a radical group called Dym.

Mr. Walesa told about 3,000 people at the rally that he distrusts the authorities but that Poles must seize the chance — however slight — that the talks would achieve something positive.

"Switch his mike off!" youths shouted as Mr. Walesa tried to restore order and others in the crowd whistled disapproval of the interruption.

**Poland's 'Difficult Days'**

Mr. Walesa warned Saturday that Poland faced "very difficult days ahead" in seeking a solution to its political and economic problems, The Washington Post reported.

He declared that his union's objective in the negotiations with the authorities was to "dismantle the monopoly" that the party holds on labor unions, the economy and political life.

Mr. Walesa and a delegation of senior Solidarity figures reached agreement with party leaders on the talks. He said at a news conference that the conference had provisionally decided that the talks should last six weeks.

"We are all afraid of the days that are coming before us," he said, adding that the rapidly worsening economy meant that "every Pole has a right to protest."

The remarks indicated that Solidarity and the party leadership under General Wojciech Jaruzelski were approaching the talks with substantially different priorities and expectations. Party and government leaders have said they hope to draw what they call the "constructive opposition" into a long-term political alliance with the party that would include a joint platform for parliamentary elections and the creation of a "council of national agreement."



Hun Sen in Bangkok last week.

propaganda coup for Hanoi and Phnom Penh, and said they also appeared to signify Thai readiness to reduce support for the Cambodian resistance.

A Singapore analyst said he was "flabbergasted" by the timing of the Thai move, which undercut the terms for the settlement proposed by Prince Sihanouk and supported by ASEAN, the United States and many other non-Communist countries.

Under the plan, as Vietnam finally disengages, both the Phnom Penh administration and the coalition government would be dissolved and replaced by a provisional Cambodian government drawn from the four involved political factions.

The provisional administration, backed by a four-party army, would organize general elections under international supervision.

Analysts said Hanoi and the Phnom Penh regime have repeatedly rejected this proposal, arguing that it would pave the way for the Khmer Rouge to regain power.

## Cambodia Rivalries: Hurdle to a Pullout

Michael Richardson

International Herald Tribune

**SINGAPORE** — Despite the recent agreement of the Soviet Union, China, Vietnam and Thailand on principles for settling the Cambodian conflict, rival factions battling for control of Cambodia remain deeply divided on terms for a political solution, Western diplomats and analysts say.

Such a solution is the key to an early withdrawal of Vietnamese troops from Cambodia.

Diplomats said recent understandings between China and the Soviet Union, China and Vietnam,

and Thailand and Vietnam are based on Hanoi's offer to end its military presence in Cambodia by September provided a political settlement is in place and external aid to Cambodian guerrillas halts.

But talks in Bangkok last week between Chhatichai Choonhavan, the Thai prime minister, and Hun Sen, leader of the Vietnam-backed government in Phnom Penh, did not further any political settlement in the region.

According to Michael Leiter, an Asia specialist at the London School of Economics, the "heart of the conflict" between the Phnom Penh government and the guerrilla coalition that includes the Khmer Rouge is the refusal to compromise on terms for sharing political and military power when the Vietnamese withdraw.

The problem, Mr. Leiter said, is that "the Vietnamese, although they are willing to withdraw, are not willing to remove their support from the government which they installed in Cambodia by force."

Western diplomats and Indochina analysts said Mr. Chhatichai's decision to reverse a longstanding

policy of no official contact between Thailand and the Phnom Penh regime has disrupted arrangements for Cambodian peace talks scheduled starting next month.

Mr. Chhatichai said he would urge leaders of the three Cambodian guerrilla groups in Bangkok on Monday to attend the peace talks, to begin in Jakarta on Feb. 19.

But the most prominent Cambodian resistance leader, Prince Norodom Sihanouk, said in Beijing on Sunday that he would not travel to Indonesia as planned for the talks.

In a statement, the prince said he was turning to the United Nations and its secretary-general, Javier Pérez de Cuellar, to hold an international conference on Cambodia.

Such a conference, which Hanoi and Phnom Penh have condemned as interference, should impose a peace process on the various factions, the prince said.

He said he was unhappy with the Thai leader's meetings with Mr. Hun Sen, whose government is recognized only by Soviet-bloc nations and India.

The prince added that the Bangkok meetings would reinforce the

position of the Phnom Penh regime and weaken the coalition linking his guerrilla forces and those of another non-Communist group with the Khmer Rouge.

This coalition occupies the Cambodian seat in the United Nations and is recognized as the country's government by Thailand and its partners in the Association of South East Asian Nations.

Shortly before Mr. Hun Sen flew to Bangkok last week, foreign ministers of the ASEAN nations reaffirmed their support for the resistance coalition and said Prince Sihanouk should lead any government set up in Cambodia after Vietnam withdraws.

The United States, West European countries, Japan and Australia also see the prince as a central figure in any political settlement.

The meetings between Mr. Hun Sen and Mr. Chhatichai have thrown opponents of the Vietnamese intervention in Cambodia into disarray.

The Thai government described the talks as informal and said they did not imply Thai recognition of the Phnom Penh regime.

But analysts called the talks a

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## U.S. Report on Airlines Stirs Dispute on Fares

By John H. Cushman Jr.

New York Times Service

**WASHINGTON** — Airlines that dominate flight schedules at heavily used U.S. airports have in recent years raised their fares at those locations considerably faster than the national average, according to the Transportation Department.

But the department's report drew critics of deregulation who have contended that consumers are hurt by airline mergers and changes in the routing of flights.

The mergers and the system by which airlines arrange their flights to converge and connect at a centrally situated airport have combined to leave several airports dominated by one or two airlines.

"Both of these developments have led to a more efficient airline industry," the report said.

Senator John C. Danforth, Republican of Missouri, who made public the report, accused the department of writing it with "the best possible spin from their point of view."

He said he had asked other leaders of the Senate Commerce Committee to hold hearings on the concentration of services at major airports with an eye to legislation prohibiting dominance by a single airline. "There is nothing to keep prices down if there is neither com-

petition nor regulation," Mr. Danforth said.

The report said there were nine large and medium-size U.S. airports at which single airlines controlled more than 60 percent of the passenger space. At seven of those, fares have risen from 21 percent to 35 percent in three years. The seven are Cincinnati, Detroit, Minneapolis, Salt Lake City, St. Louis and Charlotte and Raleigh in North Carolina.

Over the same period, the Consumer Price Index rose 9.6 percent and air fares 11.1 percent. Nevertheless, the Transportation Department said mergers and the routing system were less important influences on airline competition than other factors, such as space at airports for additional companies that want to establish operations.

Samuel K. Skinner, nominated as Transportation secretary, made much the same argument in a statement to the commerce committee last week. "The fact that one or two air carriers 'dominate' a major hub airport does not necessarily imply a lack of competition in that market," he said. "Generally speaking, ease of entry and exit from a market will determine whether airline competition is vigorous."

The report, requested by Mr. Danforth, focused on his home state's major airport, Lambert-St. Louis International, where Trans World Airlines has controlled 83 percent of the fares.

From the first half of 1985 through the first half of 1988, TWA's average fare at St. Louis for 67 nonstop routes increased 22.7 percent, the study found. It said there was no evidence that the acquisition significantly affected TWA's fares. Rather, it said, the fares reflected a variety of complex factors involving individual routes.

The findings contradicted the main conclusions of an earlier report prepared for Mr. Danforth by the General Accounting Office, which attributed TWA's fare increases to its dominance in St. Louis.

## Cod Fishermen to End Newfoundland Dispute

Reuters

**PARIS** — French fishermen have signed an accord ending a dispute over cod-fishing rights near the French Atlantic territory of Saint-Pierre-et-Miquelon, just south of Newfoundland, a government spokesman said.

The accord on Saturday, worked out in a daylong meeting with Prime Minister Michel Rocard in Paris, preserved limited rights in the area for mainland-based French boats after an angry dispute with local fishermen.

## WORLD BRIEFS

### Warsaw Pact, Giving Data on Forces, Suggests NATO Allies Have Parity

**WARSAW (UPI)** — The Warsaw Pact released new figures Sunday on its troops and armaments and said that the data showed an "approximate" military balance with the North Atlantic Treaty Organization, it called on NATO to follow its example of unilateral reductions.

The seven-member pact stated its total troop strength in Europe, "not adjoining seas" at 3,573 million, not including interior ministry, field and border police. It listed NATO's troop strength as 3,600 million.

Although the figures are not directly comparable, the London-based International Institute for Strategic Studies lists total Warsaw Pact active ground forces at 2,744 million, and those of NATO at 3,197 million.

The Warsaw Pact figures showed the East bloc with 59,470 tanks compared to 30,690 for NATO. The London Institute lists 65,000 tanks globally for the Warsaw Pact and 33,600 for NATO. According to the East bloc figures, the pact has 7,876 combat aircraft compared to 7,730 for NATO, and it has 102 "large ships" compared to 489 for NATO.

### Bhutto Party Holds Election Gains

**ISLAMABAD (Reuters)** — In parliamentary by-elections over the weekend, Prime Minister Benazir Bhutto's Pakistan People's Party and its allies won half of the 14 national and eight provincial seats in three provinces — Sindh, North-West Frontier and Balochistan — but it did a little over two months ago in Pakistan's first party-based elections after 11 years of military rule.

But her party failed to gain ground in Punjab Province, where the rival Islamic Democratic Alliance, dominated by followers of the former military president, Mohammed Zia ul-Haq, won seven of nine contested seats. The People's Party won the other two.

The results on Saturday did not alter the balance of power either in the provincial assemblies or in the National Assembly, where the People's Party won the most seats in the November general elections, although it fell short of a majority.

### Attackers Kill 6 Sri Lanka Policemen

**COLOMBO (Reuters)** — Gunmen thought to be leftist radicals have attacked police stations and an army vehicle, killing six security men, military officials said on Sunday.

The officials said the weekend attacks were the work of the People's Liberation Front. Made up of members of the country's majority Sinhalese, the organization has vowed to disrupt the Feb. 15 general election. Rebels threw bombs at and fired on two police stations in Colombo and another in a suburb on Saturday night when the officials said, four policemen died and one was seriously wounded. They said rebels fired at an army vehicle in Akurase on Sunday, killing two soldiers and wounding another.

### Salvador Prelate Urges Moderation

**SAN SALVADOR (WP)** — The leader of the Roman Catholic Church in El Salvador asked the government of President Jose Napoleon Duarte on Sunday to reconsider its rejection of a peace proposal by rebels, and he condemned guerrilla actions in response to the government's stance.

The prelate, Archbishop Arturo Rivera y Damas, said two rebel actions on Friday represented a "qualitative jump" in Salvadoran violence. But he asked the government to "leave the door open" to seeking peace.

The rebel Farabundo Marti National Liberation Front, in a peace plan made public last week, offered to take part in presidential elections if the voting were postponed for six months. After Mr. Duarte rejected the suggestion, the rebels executed a provincial governor on Friday after accusing him of collaboration with the military. The rebels also threw a bomb into the house of the mother of the defense minister.

### Group Reports Iran Executed 1,000

**LONDON (Reuters)** — Amnesty International said in a report released Monday that more than 1,000 political prisoners had been shot or hanged in Iran over the last six months in the biggest wave of executions there since the early 1980s.

In a statement sent to the UN annual review of human rights abuses, the London-based human rights group said the victims were mostly supporters of the Mujahidin opposition, but included members of other leftist groups.

### Socialist Wins Marseille By-Election

**MARSEILLE (Reuters)** — Bernard Tapie, the millionaire chairman of the Olympique Marseille soccer club, was elected to the National Assembly on Sunday as a Socialist candidate.

In a re-scheduled by-election, the entrepreneur received 18,478 votes to 17,855 for his centrist opponent, Guy Teissier. Mr. Tapie's victory bolstered the Socialists' hopes of retaining its traditional strength in municipal elections in March. Mr. Teissier won by a slim margin in the general elections in June, but the vote was swamped after Mr. Tapie complained of polling irregularities.

## TRAVEL UPDATE

### Arab Airlines Act to Meet EC Threat

**BAGHDAD (Reuters)** — Iraqi Airways says it will establish commercial and technical links with the airlines of Egypt, Jordan, Kuwait and Yemen to meet competition from European carriers.

Iraqi Airways' general manager, Nouraddin Safi, said Saturday that "Arab cooperation is a must now because we are threatened by the European Community group of airlines, which will come into effect in 1992."

Cyprus and Singapore have signed an agreement that is expected to lay the groundwork for direct flights between the two countries. (UPI) Britain will increase its recruitment of trainee air-traffic controllers from 80 last year to 180 in 1990 to help monitor flights in its increasingly crowded skies. The Civil Aviation Authority said. (Reuters) Thick fog caused flight cancellations and long delays on Sunday at Heathrow Airport in London. (AP)

### This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

**MONDAY:** Australia.  
**WEDNESDAY:** Gambia, Malaysia, Senegal.  
**THURSDAY:** Liechtenstein.  
**FRIDAY:** Mozambique, Paraguay.  
**SATURDAY:** Angola, Sri Lanka.  
**SUNDAY:** Mexico, San Marino, Tanzania.

Source: Morgan Guaranty Trust Co., Reuters.

## WEATHER

EUROPE				ASIA			
	HIGH	LOW	COND.		HIGH	LOW	COND.
Amsterdam	12	5	C	Bangkok	32	24	Cl
Antwerp	12	5	C	Beijing	12	2	C
Athens	15	8	C	Bombay	32	24	Cl
Berlin	12	5	C	Calcutta	32	24	Cl
Birmingham	12	5	C	Chongqing	12	2	C
Boston	12	5	C	Colombo	32	24	Cl
Brexit	12	5	C	Dacca	32	24	Cl
Buenos Aires	12	5	C	Delhi	32	24	Cl
Cardiff	12	5	C	Guangzhou	12	2	C
Cebu	32	24	Cl	Hankow	12	2	C
Chicago	12	5	C	Harbin	12	2	C
Copenhagen	12	5	C	Hong Kong	32	24	Cl
Dallas	12	5	C	Kobe	12	2	C
Danbury	12	5	C	London	12	5	C
Detroit	12	5	C	Manila	32	24	Cl
Edinburgh	12	5	C	Medan	32	24	Cl
Geneva	12	5	C	Osaka	12	2	C
Hamburg	12	5	C	Seoul	12	2	C
Helsinki	12	5	C	Singapore	32	24	Cl
Honolulu	32	24	Cl	Taipei	12	2	C
Istanbul	12	5	C	Tokyo	12	2	C
Los Angeles	12	5	C				
London	12	5	C				
Lyons	12	5	C				
Madrid	12	5	C				
Moscow	12	5	C				
Munich	12	5	C				
Nairobi	32	24	Cl				
New York	12	5	C				
Osaka	12	2	C				
Paris	12	5	C				
Perth	12	5	C				
Phoenix	12	5	C				
Puerto Rico	32	24	Cl				
Rangoon	32	24	Cl				
Rio de Janeiro	32	24	Cl				





**TIES GO TO THE RUNNER-UP** — Gerahline Friedman, astrape with the 25 neckties that were her composite prize, models the second-place winner in an "ugliest tie in America" competition sponsored by the Italian Trade Commission in New York.

## AMERICAN TOPICS

### Did Quayle Start Term As Acting President?

Was Dan Quayle the acting president of the United States for three minutes on Jan. 20? The New York Times says some authorities contend that he was, citing the constitutional provision that a new president must take the oath before he can assume the office.

At the inaugural, Mr. Quayle, having already been sworn in as vice president, automatically assumed that office when George Bush's term expired at noon. But the program was behind schedule, and Mr. Bush did not finish his presidential oath until just after 12:03 P.M. The U.S. Constitution says that if no president has taken office "by the time fixed for the beginning of his term" then "the vice-president elect shall act as president until a president shall have qualified."

Other authorities maintain that, oath or no

oath, a new president takes office automatically at noon. The Senate Historian's office calls it "one of those ambiguous questions that's never been answered."

The question is not new. When President William Henry Harrison died in office April 4, 1841, his vice president, John Tyler, did not take the oath until April 6 because the intervening day was a Sunday. Senator David R. Atchison of Missouri, next in line at the time as president pro tem of the Senate, insisted for the rest of his life that he had been president for a day.

### Notes About People

Ronald Reagan's new home is at the "lower end" of the scale in the exclusive Los Angeles neighborhood of Bel Air, according to Jeff Hyland, a real estate broker who lives just up the street. A group of friends bought the house for the Reagans in 1986 for \$2.5 million. Mr. Hyland estimated that it would sell today for nearly \$5 million. But of the two houses on either side, one cost cost \$13.5 million in 1986 and the other \$14.5 million.

Mayor Henry Cisneros of San Antonio says he may reverse his decision to leave politics when his term expires in May. Soon

after Mr. Cisneros announced in September that he would not seek re-election because his infant son was ill, he confirmed that his marriage was faltering and that he had been having an affair. Now he says he will not decide on running until he has conferred with Lila Cockrell, a former mayor who announced her candidacy after Mr. Cisneros withdrew. Those close to Ms. Cockrell say she is furious. Her campaign is under way. She has raised \$40,000 and curtailed her working time at her travel agency. She said she would withhold comment until after talking things over with Mr. Cisneros.

### Short Take

Celebrity prisoners, so well known as to be in danger of attack or potential causes of disturbance if housed with other inmates, are held in a 13-cell unit at the New York City jail on Rikers Island.

City corrections officials call it protective custody for prisoners they deem "notorious." Those jailed in the ward have included Bernard Goetz, the "subway vigilante," and David Berkowitz, the "Son of Sam" killer.

Arthur Higbee

## Iran Seeks A Concrete U.S. Gesture

By Patrick E. Tyler  
Washington Post Service

**TEHRAN** — A senior Iranian official has called on the Bush administration to initiate its "good will" policy toward Iran by paying at least token compensation to families whose relatives were killed on the Iranian passenger plane shot down by the U.S. Navy last summer, or by releasing some undeposited Iranian assets.

In remarks clearly intended to influence the Bush administration's policy toward Iran, the official, Mohammad Javad Larjani, deputy foreign minister, said in a weekend interview that "it doesn't have to be that much money, but it is a symbolic act which helps America get a better image inside our country."

Mr. Larjani said Iran had recently "upgraded to the highest level" relations with the Soviet Union, and he suggested that improvement was sought with the United States. "If someone wants to deal with us on the basis of mutual interest, mutual respect and noninterference, then we are definitely ready to deal with that country," he said.

Providing the first detailed description of the steps Iran would like to see before considering a thaw in U.S.-Iranian relations, Mr. Larjani suggested that the Claims Tribunal at The Hague was not the only forum in which the two countries could discuss the quick return of undisputed assets.

"There are contracts that are in dispute," he said, referring to the litigation between Iranian and U.S. companies that must be resolved by the tribunal.

"We could discuss those issues, and The Hague could go its own way," Mr. Larjani said.

Discussing the status of the U.S. offer to compensate the families of 295 Iranian civilians killed in July when the guided missile cruiser Vincennes mistook their Airbus for an Iranian F-14 warplane, Mr. Larjani said, "I don't think the United States has shown any serious attempt to compensate" the families of the victims.

The interview took place a day after the Iranian president, Ali Khamenei, criticized President George Bush for trying to put "conditions" on the resumption of U.S.-Iranian relations by seeking Iranian assistance in the release of nine U.S. hostages in Lebanon.

Mr. Larjani, an outspoken advocate for ending Iran's isolation, praised remarks Mr. Bush made on Friday about Iran's lack of control over the Moslem extremist groups holding the U.S. hostages.

"You can count on us to try," Mr. Larjani said, "but what conclusion it will come to, we cannot guarantee — it is not up to us."

## Latin Immigrants to U.S. Are Straining Services

By Lisa Belkin  
New York Times Service

**HOUSTON** — The latest wave of Latin American immigrants now flooding Texas, California and Florida includes an increasing proportion of women and children, a development that is already beginning to strain housing, education and social services in some cities.

"Mothers with children have different needs than young single men," said Nestor Rodriguez, a professor of sociology at the University of Houston and a participant in a Ford Foundation study on the effects of immigration. Although a few cities have devel-

oped programs in recent months to address the needs of these new immigrants, most are just beginning to realize they have a problem.

"They are at the point where they might see the need for action but not yet at the point where they know the best way to act," Mr. Rodriguez said.

He and others said women and young children had been crossing into the United States in large numbers since the 1970s, most of them illegally. But there have always been more men than women, they said, and it was common for women who did immigrate to leave their children behind and send for them later.

In the last year or so, however, "it has become a 50-50 split," said Ray Rodriguez, director of legalization for Centro Aztlan, a social service agency established in 1973 to help Hispanic immigrants.

"In the late 70s, early 80s you had a mass migration of young single males," he said. "Now it's pretty even, and in the next year we expect more females than males."

Those who work with the immigrants say the reasons women are coming in greater numbers have to do with the recent overhaul of U.S. immigration law and changes in the immigrants' native lands.

There are no clear statistics to illustrate the new trend. Because most immigrants enter the country illegally, the Immigration and Naturalization Service does not have data comparing the numbers of men and women, according to a spokesman for the service in Dallas.

The agency does keep track of aliens caught and detained by the border patrol, he said, but their

numbers have been broken down by sex only for the last 18 months and do not reflect the entire picture.

But even without formal data, many who encounter the refugees daily have come to the same conclusion as Ray Rodriguez.

"You just look and it stands out," said Paula Gomez, executive director of the community health center in Brownsville, Texas, the city through which many Central Americans enter the United States.

"There are a lot more families," she said, "a lot more children traveling and a lot more family units walking along the road. There are a lot more kids who are alone, and more and more are being found abandoned. Someone will have to take care of them."

Perhaps the most commonly cited reason for the demographic shift is "chain migration," in which one family member leaves for another country, spends several years getting settled, then sends for the rest of the family.

"This is to be expected in any migration," said Aurora Camacho de Schmidt, a spokeswoman for the American Friends Service Committee in Philadelphia, who has studied the effects of immigration laws on women. "We're just beginning to see the effects here."

That process was accelerated by the 1986 law that granted amnesty to illegal aliens who could prove they had lived in the United States since before 1982. The law turned many illegal residents into legal residents with the right to apply to have their family members join them.

"Amnesty has exacerbated the flow of nonworking dependents," said Patrick Burns, assistant director of the Federation for American Immigration Reform, which lobbied against the amnesty provision.

"Now that we've given them legal residence, families want to come here legally," he said. "The hubby has gotten amnesty, and he sends for the wife and kids."

## U.S. Deaths May Lead To Bans on Gun Sales

By Robert Reinhold  
New York Times Service

**LOS ANGELES** — A gunman's rampage in a schoolyard in Stockton, California, and a series of gang killings have increased the chances for passage of laws banning public sale of military rifles.

Bills to outlaw the manufacture, sale or possession of a variety of rifles and pistols are to be introduced on Monday in both houses of the California Legislature.

Similar legislation was introduced in the U.S. Congress on Tuesday by Senator Howard M. Metzenbaum, Democrat of Ohio. Bills to tighten controls on gun sales are pending in 27 states.

After a succession of victories in statehouses and Congress, opponents of gun control find themselves on the defensive.

Not everyone agrees that rifles like the AK-47 are inherently more dangerous than hunting weapons. But gun-control advocates, including many police groups, point out that the military rifles are designed for close, rapid-fire combat and have no purpose other than to kill people.

It was a Chinese-made AK-47 rifle with which Patrick Edward Purdy killed five children and wounded 29 others and a teacher in Stockton on Jan. 17.

Mr. Purdy bought the gun in a sporting goods store in Oregon, which, like most states and the federal government, has virtually no restrictions on the sale of such weapons to adults.

"Right now, the sheer horror and momentum is driving many in the senate and assembly to rethink their positions," said Mike Roos, Democrat of Los Angeles, who is speaker pro tem

of the California Assembly.

A Los Angeles City Councilman, Nate Holden, who is running for mayor, announced Tuesday that he would buy semiautomatic assault rifles for up to \$300 to get them out of circulation, using \$50,000 from a campaign fund.

He got two takers on the first day, including a 16-year-old boy who said his brother gave him an AK-47 rifle for Christmas. By Friday, Mr. Holden said he had received 50 rifles.

Gun dealers say the possibility of a quick ban has led to a run on AK-47s, Uzis and similar weapons.

"I am having trouble finding inventory to meet demand," said Al Campbell, manager of Western Surplus Guns in south-central Los Angeles, a center of gang activity. Mr. Campbell said he favored some controls, like a waiting period on sales, but not an outright ban.

On Friday, six leading California law-enforcement officials met with the state attorney general, John K. Van de Kamp, and legislative leaders to work on the language of the bills to ban the weapons.

They say the most difficult problem is defining the difference between military and hunting weapons.

To minimize opposition from rural legislators and sporting groups, they are considering an exemption from the ban for semiautomatic weapons clearly not meant for combat.

But foes of controls, including the National Rifle Association, say such distinctions are illusory. "It's called an assault weapon by people who want to ban it, a rifle by those who don't," said David W. Conover, an association lobbyist in Washington.

## Panama Denies Any 'Abnormality' in Bank

Washington Post Service

**MEXICO CITY** — Panama's government-controlled National Banking Commission has denied that there was anything "abnormal or strange" about the opening last week in Panama City of a new military-run bank that lists Panama's leader, General Manuel Antonio Noriega, as its president.

The denial referred to an article in The Washington Post on Saturday (International Herald Tribune,

Jan. 28-29) that quoted U.S. and Panamanian officials as saying that the new bank, called the Banco Institucional Patria, or Institutional Bank of the Fatherland, represented a move to expand military control over the Panamanian economy and, possibly, corner a revived drug-money laundering market.

A separate denial was issued in the name of the Panama Defense Forces. Neither statement addressed details of the Post report about growing military control over the economy and renewed money-laundering activities in Panama.

According to a top Panamanian banker, the Noriega-controlled government is especially sensitive about reports on its financial activities because of an expected visit to Panama by representatives of the World Bank, who are to meet with government officials to review the country's economic situation.

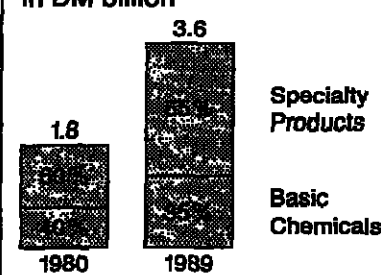
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### REPUBLIC OF THE PHILIPPINES OFFICE OF THE PRESIDENT MALACANANG

#### Invitation for Purchase Offers

THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES announces its intention to seek qualified purchasers for its property located at 306 Reppong 5-chome, Minato-ku, Tokyo, a 3,179.1 square meter (961.7 tsubo) lot with a three-story farm-concrete building. Interested parties wishing to submit an offer to purchase may obtain information on the minimum qualifications for purchasers and procedures for submission of offers, beginning February 1, 1989, from any of the following:

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Attn: Mr. Delfin L. Mervino

NISHIMURA & SANADA  
Suite, 412, Kasumigaseki Bldg.  
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Chiyoda-ku, Tokyo 100  
Tel. No. (03) 593-3911  
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A non-refundable application administrative fee of TWO HUNDRED FIFTY THOUSAND YEN (¥250,000) will be charged for each set of "Purchase Offer Submission Requirements" which shall provide details of the bidding procedures, bidding conditions and other detailed information.

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# Herald Tribune

Published with The New York Times and The Washington Post

## No More Khmer Rouge

Americans agree on two goals in Cambodia. First, Vietnam should end its occupation and let Cambodians choose their own government. Second, no solution is morally tolerable if it permits a return to power by Pol Pot and the mass murderers of the Khmer Rouge. Now a whirl of diplomacy has brought the first goal in sight. There is no worthy challenge for the new Bush administration than to make sure that the Khmer Rouge gets no chance to wreak new horrors on a shattered nation.

War weariness, changing geopolitics and a desire for regional commerce have combined to dissolve Southeast Asia's bitterest enmities. Signs now point to a deal in which Vietnam would withdraw its troops from Cambodia by fall and China would simultaneously cease aid to the Khmer Rouge. It is in this context that a ranking Hanoi negotiator recently visited Beijing and that Hun Sen, Cambodia's Vietnamese-backed leader, last week traveled to Bangkok.

Yet lamentably missing is evidence of real concern among outside negotiators for the fate of Cambodia's people. Energetic American diplomacy is needed. The Soviet Union is pressuring Vietnam to withdraw from Cambodia, thereby enabling Moscow to improve ties with Beijing. A straitened Vietnam wants to wind up a costly war that has deprived it of trade with thriving neighbors. Thailand is eager to shed the burden of Cambodian refugees, camps and revive regional commerce. So all parties are moving toward an accord establishing an interim regime, with some kind of international

body to monitor withdrawal and transition. But none of these actors seems overly concerned about the wishes and interests of Cambodians. That is one reason for last week's protest by Cambodia's former chief of state, Prince Norodom Sihanouk, that he would not swallow whole a peace plan concocted by Hanoi's client regime. Since the prince is everybody's choice to head an interim government, he has some leverage. The trick is to help him while keeping from power the Khmer Rouge's 40,000 well-armed guerrillas, by far the strongest indigenous military force.

In the rush to reconcile different outside needs, various formulas are thrown up that collapse on scrutiny. For example, it is conveniently argued that young Khmer Rouge leaders, supposedly untainted by Pol Pot, would be acceptable in an interim coalition. More likely they would be stand-ins for the old clique thirsting for vengeance in new killing fields. The Khmer Rouge's genocidal atrocities between 1975 and 1978 are a matter of grisly record. It tears at any sense of decency to condone giving Pol Pot's guerrillas any share of power.

The U.S. Congress so expressed itself, unanimously. So did Ronald Reagan. It would be timely and right for George Bush to appoint a top diplomat to work to prevent another Khmer Rouge crime against humanity. Outside, including the United States, share blame for Pol Pot's accession to power in 1975. The world cannot plead ignorance if it negligently allows a recurrence.

—THE NEW YORK TIMES

## The Message to Tehran

President George Bush sent Iran a message on the hostages in his inaugural address, and he repeated it in his news conference Friday morning. Help in returning the nine Americans believed held by Iran's clients in Lebanon "will be long remembered," he said. "Good will beget good will." He held out the prospect of returning to the "excellent relations" that the two countries enjoyed before Islamic revolution swept out the American-supported Shah 10 years ago.

Is Iran listening? A state-owned newspaper in Tehran promptly said a few mildly upbeat words about relations with the new American administration. Among at least some people in Iran, there is evidently a tendency to consolidate the cease-fire in the Iran-Iraq war and to re-establish the sort of relations with other countries that will serve national recovery and security. Others, however, seem more concerned with deepening the revolution, or whatever it is that the Iranian president has in mind when he said to Mr. Bush on Friday, "Stop being oppressive, stop your arrogant actions, discontinue the transgressions against the rights of the Iranian people, and return what you owe us" — the last being an apparent reference to frozen Iranian assets.

Mr. Bush responded by again asking Iran to bring its influence to bear in Lebanon.

It is possible that the hostages are caught in a political vise that will loosen only as the struggle over the succession to Ayatollah Ruhollah Khomeini is resolved. The revolutionary regime, having failed to win its stated objectives in its war with Iraq, has continued its symbolic, perhaps compensatory investment in Lebanon's wars. This is how Iran comes to conduct a policy — support for the terrorist faction thought to hold the hostages — that cuts across its more important national interests, as conventionally defined.

Mr. Bush, however, is keeping his eye on the hostages. It is out of the question to bargain for people whose abduction was and is a flagrant outrage. Especially is this so after the bad faith shown by Iranians in the Reagan administration's disastrous arms-for-hostages transactions. But it is appropriate for him to make plain that the United States will respond positively to the hostages' safe and early release. This much should be evident to any clear-eyed Iranian observer of the American scene. On the issue of the hostages, President Bush speaks for a country which supports him completely.

—THE WASHINGTON POST

## No Crisis on the Border

There has been much talk in recent weeks about the continuing influx of illegal aliens into the United States and what should be done about them. The governor of Florida wants federal assistance to cope with large numbers of Nicaraguans seeking asylum; Texas and Southern California complain about strained social service budgets and increased competition for jobs. And at least one citizens' group has called for a massive reinforcement of the southern border, complete with concrete walls. Is there a crisis, and is drastic action needed, even if it conflicts with the country's image as a haven for refugees and a land of opportunity for immigrants?

The truth is far less grim. The number of undocumented people entering the United States has gone down since the passage of immigration reform legislation in 1986. That law imposed sanctions on employers who hire illegal aliens. And because there is now less certainty about finding a job, fewer are entering illegally. No one has an exact figure on those who sneak across the border, but estimates are made based on the number of people apprehended by the Immigration and Naturalization Service. In 1986 that number was 1.6 million; in 1987 it fell to 1.1 million; last year it was 920,000. That same law also authorized greatly increased funding for the Border Patrol,

which by the end of this year will have more than doubled its size since 1983.

Are good fences needed? Of course, and some are already there, put in place by the Carter administration. Ninety percent of all illegal immigrants come across 200 miles (320 kilometers) of the Mexican border. The other 1,800 miles are along desolate territory far from roads and towns. Half the aliens enter via San Diego, Brownsville and El Paso. If it is necessary to repair, reinforce or extend fences in these discrete areas in order to better control the border, that should be done. At the same time, it is important to discourage a fortress mentality or an impression that Americans seek not a secure border but a closed one.

The country now accepts more than twice as many legal immigrants as the rest of the world combined. In addition, hundreds of thousands of refugees are welcomed for permanent settlement every year. These are facts to be proud of. The nation was built by immigrants, and they continue to enrich American life. Providing for an orderly admissions process is not only required by the law, it is the only way to proceed which is fair to the millions who are patiently waiting for legal entry. For them, the United States must take care to protect the reality, and even the symbolism, of a welcoming, open door.

—THE WASHINGTON POST

## Other Comment

### An Environmental Priority

In their struggle to survive, the growing number of rural poor may eventually destroy their natural environment. They are caught in a self-destructive trap in which their immediate survival often depends on overexploitation of fragile lands. The poorest of the rural poor are being forced up mountainsides, into jungles or to deserts to eke out their existence as best they can.

Population growth, past development strategies, increasing debt, declining terms of trade and natural disasters are leading to the overuse of productive soils, forests and waters. GATT, the World Bank and other international and regional bodies are trying to relieve some of the pressure through a more balanced trading system and debt reduction. Other organizations, like the International Fund for Agricultural Development, are

meeting the challenge in the field by getting the rural poor involved and committed to their own development. This grass-roots approach is based on field evidence that the rural poor prefer to participate in their own sustained economic growth rather than receive short-term handouts.

Poverty is both a cause and an effect of environmental destruction. By starting with the principle of self-reliance and by drawing on existing local resources and capacities, external assistance can stimulate the creativity of the poor and thus serve as a catalyst for self-supporting and sustained development.

Eradicating rural poverty, which affects more than 1 billion of the world's population, is the most direct way to ensure environmentally sound development.

—Lidia Jaczay, president of the International Fund for Agricultural Development, writing in the Los Angeles Times.

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## Revolution Isn't the Way to Change Things

By Flora Lewis

PARIS — The French have launched a year-long celebration of their revolution's bicentennial. It comes when the worth of revolution was never more in question. In 1789 and after, they gave at least as many examples of the lasting damage and distress it causes as of the flowering of ideals it can release.

Wise, the French are emphasizing the Declaration of the Rights of Man, on Aug. 26, 1789, and not the murderous passions of the times. Indeed, it is only recently that the profound divide in French society has been narrowed.

There is irony in the French conviction that the revolution marked an enduring victory over tyranny. Eleven years after the king was beheaded in 1793, a new crown was placed on the head of an emperor in 1804.

In the 200 years since the fall of the Bastille, France had three kings and two emperors. It has been a republic for only 120 of those years, and many of the French still say with a wry chuckle, "At heart, we're monarchists." But there are still many people, in many countries, for whom the word revolution has a noble, almost sacred ring. They look at the aspirations, seldom at the results.

In this context some French scholars deny that the American War of Independence was a revolution. It did ensure ideas of liberty and justice, but it did not turn the whole society upside down as did the Russian and Chinese revolutions tried to do. And therefore it did not leave the wreckage of those vast social upheavals.

Awareness of that self-inflicted wreckage is beginning to spread now, toward the end of our

revolutionary century. The word may still be revered but belief that it can deliver the promised land on earth has ebbed, not only in the Soviet Union, Eastern Europe and China, but also in Third World countries like Algeria, Mozambique, Burma and others with failed experiments.

It has been demonstrated again and again that not only are the ends corrupted by the means, but noble ends justify all means, but the dynamic of revolution brings bad government. The violence and authoritarianism needed to bring revolt to success reproduces itself in the new regime, sometimes much worse than before, as Iou has shown.

The kind of people who emerge as compelling leaders are seldom the kind of people who are willing and able to manage a decent government and practice the inspiring visions that they preach. The old Communist slogan justifying terror — there is no birth without labor pains — has a hidden double meaning. The greater the pain caused in the name of bringing forth a new society, the longer and harder the healing.

Winston Churchill was right about the shortcomings of democracy, but it is more than just better than all the other systems. Its greatest virtue is its capacity to correct mistakes without a new revolution. It can adjust to needed change, as there are always new problems, new circumstances that have to be accommodated.

By its modest and generous nature, democracy avoids the self-destructive illusion that anybody

can have the permanent and absolute solution to society's ills. We have a tendency to use the word *revolution* lightly. We shouldn't; the all-important difference isn't in whether or not change comes, it always does, but in how it is achieved.

There can be a deceptive stability in a frozen system, until it breaks down. Real stability comes only with suppleness and flexibility, the capacity to perceive shifting needs and bend to them. That is not the legacy of romantic revolution but of tedious reform.

There seem to be cycles in human affairs. The world is now emerging from a period of ideological righteousness in favor of practical, pragmatic efforts, identifying troubles and looking for things to do about them. Much of this century was mesmerized, and devastated, by grand designs, great leaps forward.

But we should not suppose that the current cycle will endure on its own momentum. There are likely to be new impulses for dramatic visions. It is a basic human yearning. Each generation tends to feel that its predecessors got things all wrong, to be impatient. And there are always politicians who are better at arousing people, stirring emotions, than at governing, and who seek prominence by what they do best.

Radicals can come as reactionaries or revolutionaries, but they do come, and find their audiences. So the task of rationalists and responsible people is to guide change step by step, to prevent the accumulation of frustration and despair which lead to revolutionary disaster.

The New York Times

## Latin America: A Place for Washington to Discover

By William Pfaff

PARIS — The first problem Latin America presents to the Bush administration is identification of the true problem. The Reagan administration devoted itself to all the wrong problems, for which it paid a considerable price in American credibility and international respect. Can George Bush's people do better?

Ask the State Department specialists responsible for Latin America how they spent their time during the Reagan years, and they will answer that something like 80 percent of their energy was devoted to Nicaragua. Secretary of State James Baker not examined mostly on Nicaragua, El Salvador and Cuba during the questioning on Latin America at his confirmation hearing. Argentina, whose democratic government is under grave and growing challenge, was not a subject of notable interest.

El Salvador, Nicaragua and Cuba have for months, even years, dominated U.S. press discussion of Latin America. A crisis currently is predicted for El Salvador, where a presidential election takes place in March, with poor prospects for the U.S.-backed Christian Democrats. The left-wing guerrilla movement is hiding for a time and a role in the election.

But is crisis in El Salvador necessarily a U.S. crisis? Washington worries about Communists and death squads, matters of certain concern to the Salvadorans, who must live with the consequences of their electoral and extra-electoral choices. But El Salvador's problems are not the fundamental problems of Latin America.

The Marxism of El Salvador's guerrillas, like that of the Sandinistas next door in Nicaragua, represents an ideological dead end for Latin America, just as Castroism does. Romantic middle-class Marxism is an outdated and increasingly irrelevant response to cultural and structural problems in Latin America. The ideologically unclassifiable, cult-like "Shining Path" in Peru is much more up to date, and a great deal more sinister. So are the drug barons feeding and fed by North American drug addiction.

Fundamentally, Latin America confronts the political consequences of its absolutist cultural inheritance, as well as an urgent economic crisis. The culture issue is unresolvable, as such, being the historical condition with which Latin Americans live, but it needs to be confronted. The Latin

American intellectual and religious tradition is absolutist, intolerant, unpragmatic, a constant obstacle to compromise and political reforms.

The imperialism which populated and culturally shaped Latin American society, destroying the Indian civilizations already there, was particularly uncompromising, motivated by the search for gold and a search for souls. Spain and Portugal themselves, at the peak of their powers in the 16th century, failed to make a creative adaptation to the modern world which followed. Their American colonies could do no better. The Enlightenment and the social revolutions of the 19th century passed them by. They wallowed themselves off from modernity, re-emerging only in the 1960s and 1970s.

The United States has refused to leave the region alone, even though unable to influence it to become something more congenial in Protestant and progressive North American eyes. Washington has really never known what it wanted of the Latin Americans. "I am going to teach the

South American republics to elect good men," said Woodrow Wilson in 1914. But who would have been these "good men," in Mr. Wilson's eyes?

Latin America's economic crisis follows in part from its inability to repay the debt enthusiastically pressed upon it during the 1970s, when American and West European banks needed to recycle the OPEC members' windfall dollars. Virtually no one today contests that the debt is unpayable, but the Western countries insist on a mechanism to disguise this fact and avoid such hard words as default and bankruptcy.

The unpayable loans are a problem for the banks which made the loans, certainly, and finding an adroit way to write off the money is important to the stability of the international banking system. But this is a trivial problem compared to that faced by economically failing societies which cannot repay past loans, yet which have to go on feeding people, investing to develop agriculture, investing to build the infrastructure

which makes future development imaginable. What do they do? There is no Baker plan to solve their problems.

In the West the tendency has been to shrug these considerations off as, generally, the Third World's worry, after all. Alternatively they are held to be problems so awful that nothing can be done about them. This might even work for Japan and the West Europeans, because they are real or virtual islands, cut off from the Third World. The United States is not so lucky in this respect, if luck is the word.

The United States has an unshutable land and sea border on Latin America. It simply cannot treat Latin American economies as a private-sector problem, or Latin American politics as an ideological or military problem. If Latin America's problems are going to come to the United States looking for their solutions, the United States is the core risk country in a position to have the poverty-stricken of the world beating down its doors, looking for answers.

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## United Nations Credibility Requires Human Rights

By Richard S. Williamson

For writer is U.S. assistant secretary of state for international organization affairs.

WASHINGTON — The United Nations Human Rights Commission opens its 44th session today in Geneva. Forty-three countries elected from all of the five UN regional groups to three-year terms compose the UNHRC. It is the focal point of the UN human rights agenda, which includes review of the situation in specific countries ranging from Chile to Afghanistan, and discussion of important thematic human rights questions such as torture, religious intolerance and abusive psychiatric practices.

According to the UN Charter, promotion and protection of human rights are a principal purpose of the United Nations, second only to the maintenance of peace.

In 1948, a committee formed by the General Assembly under the chairmanship of Eleanor Roosevelt drafted a document which has become known as the Universal Declaration of Human Rights. In many ways it resembles America's Declaration of Independence, in that it provides for the right of self-determination and the right of individuals to choose freely their form of government. It also reflects many of the values contained in the U.S. Bill of Rights, in that it sets forth fundamental rights to freedom of expression, assembly and worship.

The architects and founders of the United Nations recognized the intrinsic role that human rights play both in ensuring a peaceful world political order and in social and economic development. The frightful experience of World War II taught the statesmen of the 1940s that governments which trample on the human rights of their citizens are prone to international aggression. Leaders of the free world understood from their own national experience that countries which protected individual rights and liberties enjoyed a much greater rate of economic growth and social stability than those which did not.

UN human rights activities during the 1960s and '70s gave rise to concern that instead of objectively applying

the standards set forth in the Universal Declaration, the UN majority sought to use human rights as another means of furthering political warfare.

In the United Nations during that period, there was a double standard which meant that if you were a politically well connected or powerful country you were virtually immune from scrutiny of your human rights practices, but if you were relatively weak or not very popular with the UN "establishment" you could very easily find yourself as a nation hauled before the "bar" of the UNHRC. Those circumstances made a mockery of the objective standards for measuring human rights performances contained in the Universal Declaration.

Notwithstanding the obvious bias in the handling of human rights issues by the United Nations in recent years, several countries have demonstrated a marked improvement in their record after UN scrutiny. In Latin America, Chile, Guatemala and El Salvador have brought about dramatic improvements in their human rights performance, thanks partly to advice and prodding from UN experts.

The major U.S. objection to the United Nations' handling of human rights has been that the major violators have too often avoided the spotlight of publicity that is the chief UN weapon in reducing human rights infractions by governments. Countries like Ethiopia, Vietnam, Romania and, until last year, Cuba had avoided being subjected to UN resolutions and investigations. This seriously undermined the Universal Declaration and international adherence to the norms for human rights that it contains.

Last year the United Nations reached a major watershed in international human rights when it decided to undertake an investigation into the human rights situation in Cuba,

including a visit by a UNHRC working group in September.

The UNHRC report is expected to indicate that the Cuban government does indeed deprive its citizens of most of the basic human rights contained in the Universal Declaration.

Despite many recent acts by Fidel Castro in response to the UNHRC spotlight — acts intended to influence world public opinion, including the release of some political prisoners (which he had hitherto denied holding), permitting visits by the Red Cross and representatives of the Catholic Church, and even the toleration of a small independent human rights group in Cuba — the overall situation remains grim, and what Mr. Castro has granted under duress in the recent past he can take away tomorrow. After the UNHRC team's visit, Mr. Castro renewed his campaign of intimidation against several members of the official Cuban human rights committee.

The efficacy of the United Nations in bringing about improvements by governments in their human rights record clearly lies in continuing to shine the glare of unwanted publicity upon them. A crucial test for the UNHRC therefore will lie in whether it will continue its scrutiny of Cuba, as it has continued similar scrutiny of El Salvador, Chile and Guatemala, among other countries, over a period of years.

The handling of human rights is a crucial indicator of the overall effectiveness of the United Nations. Looking ahead, its principal force is its moral authority. Thus it must abandon political expediency and cynicism in its treatment of issues which directly affect the lives of all people. It must demonstrate consistently an ability to face up to the grave and systematic abuses of fundamental human rights which far too many people face daily.

In so doing, the United Nations will become a true champion. UN human rights investigations already carried out have made the difference between life and death in many individual cases. The United Nations has the capacity to be the court of last resort for the countless individuals who have no hope of due process at the hands of their own government.

If the United Nations proves unable to act in this capacity, its credibility will be damaged, perhaps irretrievably. But by demonstrating that it can uphold universal human rights standards, it can build on the upsurge in its standing resulting from recent successes in helping to strangle the end to the brutal Soviet occupation of Afghanistan and the cessation of hostilities between Iran and Iraq.

International Herald Tribune

## Bush Can Go Back To Basics

By Stephen S. Rosenfeld

WASHINGTON — George Bush, more than any other president of the last generation, has the opportunity to go back to fundamentals on the big issues touching the security and especially the nuclear security of the United States.

As a result of history — Ronald Reagan, Mikhail Gorbachev and much else — tensions between the two great powers are lower than they have been since World War II. This peace, Mr. Bush's policy review trip forward at all deliberate speed and in an atmosphere relatively free of fear, minor, internal conflict and external crisis. Events are not boding ill.

Mr. Gorbachev may not enjoy the same ease of movement, but at least for the short term he has a mandate to explore a new policy, and is doing so energetically. A relationship significantly different from any that the two countries have had in the last 40 years, perhaps in the last 70, becomes conceivable. It is in Mr. Bush's and Mr. Gorbachev's hands — not all or only in their hands, but considerably so.

There is what I would call a useful measure of economic and social pressure falling on both sides — enough to help keep them honest. That there is much more pressure on the Kremlin, which is going through what deserves to be called a systemic crisis, can only be considered just and comforting. The extra pressure on the Soviets tends to compensate for their not having a responsive democratic structure. Mr. Gorbachev has just said he is cutting military spending by 14.2 percent — three times the percentage cut that Gorbachev-Rudman would make in American military spending in the work area.

The squeeze in the United States hardly rises to the same crisis level, depressing as it is to those caught up daily in it. The American economy is at least two-thirds of the size of the Soviet and devotes less than half the percentage of GNP to defense. Still, it is taking a struggle just to hold military spending even. I would say that the overall situation favors clear thinking: being actually rich enough to afford whatever level of defense America might feel it needs, but feeling constrained enough to accept an unaccustomed degree of discipline in policy and priorities.

In both countries, although de monstrably more so in the United States, there is a disposition to rethink the nuclear doctrines of the past. I refer to the debate which Mr. Reagan thrust into high gear by his Strategic Defense Initiative. Until then, deterrence, extending the threat of mutual destruction, dominated U.S. thinking. Since then the theory of defense has been getting a gradual, by more respectful hearing — even at Mr. Reagan's own ambivalence toward a vision of defense "star wars," loses political altitude in Washington and starts to appear as less probable and less menacing in Moscow, too.

On defense, I am among the curious — the people whose principal effort is to grasp the still unfolding argument better. George Shultz said something sensible, I thought, when he said nuclear deterrence is essential but not written in stone, what with the emergence of other threatening weapons and "a growing sense of unease with nuclear weapons" — Chernobyl, Savannah River and the like. No Reagan on this matter, Mr. Bush appears to stand close to the curious, too.

By startling coincidence, the United States has stopped making nuclear bombs — because of safety and environmental concerns at the production facilities. Just happened to ripen on Ronald Reagan's watch. To the people responsible for the bombs, this is an embarrassment that must be expeditiously repaired, notwithstanding the huge costs (up to \$100 billion) of the required cleanup and replacement. The bomb-makers are right, too. As long as America depends on a deterrence, it needs bombs, and they ought to be the right ones.

Understandably jittery on this score, the new administration has yet to acknowledge that this shocking Energy Department scandal offers a tremendous opportunity. What sort of weapons and what sort of production facilities does the United States need in a world in which the prospect is warning for large negotiated reductions in strategic arms and for other steps in arms control? The first time America built these facilities it did so in conditions of war, secrecy and strongly felt national urgency. Now, although it may scarcely deserve it, it gets a second chance.

A second chance — this could be the theme of Mr. Bush's policy, if he does it right.

The Washington Post

## 100, 75 AND 50 YEARS AGO

### 1899: Africa's Red Cross

PARIS — The King of the Belgians has organized a vast Red Cross Association for Africa. The object of the Association is to establish at healthy points of the continent sanitary stations where explorers, savants, Europeans and natives who are ill, wounded, or otherwise in need of assistance, can be taken in and cared for, and also whence aid can be sent out to any points of the Africa continent where wars or massacres may occur.

### 1914: Japan and Mexico

WASHINGTON — In an informal conversation with correspondents, President Woodrow Wilson has denied the reports as to the Japanese Government selling arms to General Huerta of Mexico, and explained that under the law of nations there was nothing to prevent Japanese contractors from selling arms to General Huerta or anyone else with money to pay for them.

### 1939: W. B. Yeats Dies

MENTION — William Butler Yeats, considered by many as the greatest of modern lyric poets, died here today (Jan. 29). He was seventy-three years old. The poet, awarded the Nobel Prize for Literature in 1923, was one of the important figures in the Irish nationalist movement and had a major part in the Irish literary renaissance of the 1920s. With his flowing hair and tie, his broad-brimmed hat and his self-conscious poetic mannerisms, Yeats grew old gracefully, seeing his fame rise each year. He was essentially a dreamer. An avowed lover in fancies, he held forth in his London room on faeries and magic, the cabala and what sort of production facilities does the United States need in a world in which the prospect is warning for large negotiated reductions in strategic arms and for other steps in arms control? The first time America built these facilities it did so in conditions of war, secrecy and strongly felt national urgency. Now, although it may scarcely deserve it, it gets a second chance.



## Pakistan May Lose Aid Over Bomb Issue

By David B. Ottaway  
Washington Post Service

WASHINGTON — Before it left office, the Reagan administration told Congress that the United States was unlikely to be able to certify this year that Pakistan did not possess a nuclear bomb, according to congressional and administration sources.

Without such certification, required annually by law, Pakistan will not be eligible to receive U.S. economic and military aid beyond the current fiscal year, which ends Sept. 30.

The Reagan administration budget for fiscal year 1990 includes a request for \$21 million in assistance to Pakistan, part of a \$4.02 billion, six-year aid package.

Congressional sources said that Reagan administration officials had told Congress privately that Pakistan was so close to building a bomb that "it had been a very close call" in renewing the certification in November.

One source said the Reagan administration "made the decision they're not going to be able to certify again."

"It's going to be a mess," the source added.

## U.S. Checking Reports About Iraqi Bacteria

Washington Post Service

WASHINGTON — State Department officials are investigating congressional allegations that Iraq obtained from the United States a deadly bacteria that it may be using to develop biological weapons.

"People are concerned, interested and taking it very seriously," an official said. "It's just a matter of getting something to work with."

The State Department has been unable to confirm a charge by Senator John S. McCain Jr., Republican of Arizona, that a sample of tularemia, commonly known as "rabbit fever," was sent to Iraq.

Mr. McCain, in a Senate speech on Wednesday, said: "We know that Iraq has already misused international agreements to obtain tularemia virus from the U.S. We have every reason to assume that Iraq may soon weaponize two of the three most lethal biotoxins — anthrax and tularemia."

In a letter to Secretary of State James A. Baker 3d, Mr. McCain

outlined the charges and the evidence he has to substantiate them, according to Mr. McCain's office.

But Mr. McCain has refused to divulge any evidence publicly.

A State Department official said Friday that Iraq might have obtained the tularemia bacteria from a U.S. culture collection center before export licenses were imposed 10 years ago on bacteria, fungi and protozoa. "It could have happened a long time ago, and it would have been perfectly legal," he said.

The Export Control Administration of the Commerce Department is investigating whether licenses were granted for the export of tularemia.

Another possibility, the State Department official said, is that a sample of tularemia was shipped from a U.S. culture collection center to a European laboratory from which Iraq could have obtained it. He said there were many medical research centers in Europe that shipped samples of bacteria with little control over where they were destined.

It was not known whether the new Bush administration would accept the Reagan administration's conclusion about Pakistan's nuclear capabilities.

Congress has been reluctant to cut off assistance to Pakistan because of its role as a conduit for U.S. aid to the anti-Communist rebels fighting Soviet forces in Afghanistan. But with the Soviet withdrawal now moving toward its final phase, the strategic importance of Pakistan may weigh less in congressional calculations.

Prime Minister Benazir Bhutto of Pakistan assured a visiting congressional delegation on Jan. 15 that the Pakistani nuclear program was "solely for peaceful purposes and the world must believe in the words of a democratic government," according to Pakistan television. The delegation was led by Representative Stephen J. Solarz, Democrat of New York.

Although President Ronald Reagan sent a letter to Congress in November certifying that Pakistan "does not possess a nuclear explosive device," he indicated the administration was coming close to its limits of being able to continue making the certification.

### West German Evidence

A West German prosecutor says Pakistan has acquired from a West German company a plant for purifying a gas that can be used in nuclear weapons. The New York Times reported from Washington. The disclosure came in testimony

in Bonn by Alfred Farwick, a prosecutor for the state of Hesse. Mr. Farwick told a special investigative committee of the legislature that a German company, Neue Technologien GmbH, used a front company to send components of the plant to Pakistan.

The plant is to be used to purify tritium, a gas that can be an ingredient in nuclear bombs but that also has some industrial uses. Because of its military uses, the export of tritium and the equipment to make it are controlled.

Mr. Farwick's statement confirmed the nature of the transaction. At a news conference last month, he said that the German concern and a sister company, Physikalisch-Technische Beratung, had provided Pakistan with unspecified tritium-processing equipment, but he offered no details.

Mr. Farwick told the legislative committee that a civilian use for the plant to purify tritium was "not plausible."

A U.S. official said that the shipment of the plant was puzzling because the first-generation nuclear weapons that Pakistan was believed to be developing were not believed to use tritium.

The official said he doubted that Pakistan had the ability at this time to effectively use tritium in making nuclear weapons.

But some specialists expressed concern that the shipment of the plant was an indication that Pakistan was trying to improve its nuclear production capabilities.



The Panchen Lama last week at his last public appearance.

## Panchen Lama Is Dead at 50; Key to China's Policy in Tibet

By Nicholas D. Kristof  
New York Times Service

BEIJING — The Panchen Lama, 50, Tibet's most important spiritual leader after the Dalai Lama and an important figure in China's policy toward Tibet, died Sunday during a visit to that region, Chinese officials said Sunday.

The official news media reported that he had died of a heart attack in his residence in Xigaze.

Official reports attributed the heart attack to fatigue resulting from the strains of presiding over the opening of an important new Buddhist shrine a week ago.

His death removes the senior spokesman for Tibet within the Chinese government, as well as an important mediator between officials in Beijing and independence-minded monks in Tibet.

Observers suggested that from the Tibetan point of view, no longer will there be an important religious leader lending legitimacy to Chinese rule over Tibet.

A Western diplomat added that the death "might cause complications in the reconciliation process."

Unlike the Dalai Lama, who fled China in 1959, the Panchen Lama never quite broke with China and was regarded by some as tainted by collaboration.

However, he refused many times to denounce the Dalai Lama and in

a speech in 1964 he called for Tibetan independence. He was subsequently denounced and during the 1966-76 Cultural Revolution he was tortured and imprisoned.

He resurfaced after the Cultural Revolution, and thereafter maintained an uneasy peace with the Chinese authorities.

Without advocating independence, he interceded on Tibet's behalf in the central government and sometimes strongly criticized Chinese conduct in Tibet.

Last Monday, he delivered one of his fiercest criticisms ever. He was quoted in the official press as saying that the benefits of Tibet's development during the last 30 years of communism had been outweighed by the price that had been paid.

Yet for all his criticisms, he was highly valued by the Chinese authorities because he favored reconciliation and in recent years did not advocate independence.

The Tibetans are expected to search for the next incarnation of the Panchen Lama. The search normally would be conducted on the basis of hints left by the dying lama, and it could take several years before a child is found who matches the description.

While he clearly commanded less reverence than the Dalai Lama, he nonetheless was deeply respected by Tibetans. In 1982, on his first

trip back to Tibet in more than 15 years, he was mobbed by tens of thousands of friendly Tibetans.

A week ago, when he opened the new Great Stupa at the Pashi Lunpo Lamasery in Tibet, 30,000 residents reportedly turned out.

### Hero of Pacific War

COLUMBIA, Maryland (AP) — Robert B. Kelly, 75, a retired U.S. Navy captain whose PT boat combat in the Pacific during World War II was the basis for the book and movie "They Were Expendable," died Monday of pneumonia.

Mr. Kelly, who retired as a captain, won a Navy Cross, the navy's highest decoration honor after the Medal of Honor, for sinking a Japanese light cruiser off the island of Luzon in the Philippines in 1942. He retired in 1961 after serving as deputy chief of staff of the navy's Caribbean command.

### Other deaths

Clarence Norris, 76, the last survivor of the "Scottsboro Boys" rape case, which became a symbol of racial injustice in the Deep South in the 1930s, after a long illness Monday in New York.

Arthur Marshall, 78, whose benign humor endeared him to an audience of millions in half a lifetime of BBC radio and TV broadcasts, of cancer Friday in Christchurch, England.

## INTERNATIONAL POSITIONS

### Senior Financial Analyst

Second Book Publishing Group in the world, we have strengthened our position in the US market by the acquisition of Grolier Inc. Under the direction of Grolier Planning and Accounting Vice-President, this position is responsible for providing business and financial analysis and providing reports and recommendations to corporate and division management (monthly operating results, balance sheets reports, analysis of investments proposals, ...). The applicant required must be graduate of an international business school and have a 3-5 years related experience including Big 8 accounting firm or equivalent, or a major multinational company.

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HACHETTE  
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### HUMAN RIGHTS IN AMERICAS

Amnesty International (AI) needs a Researcher to work on a fixed term contract starting as soon as possible and ending in March 1990, to work on Canada, English-speaking Caribbean, Guyana, Surinam and the USA. S/he will document cases, prepare reports and advise on initiatives to be taken by AI, particularly in relation to prisoners of conscience, trial procedures, treatment of prisoners and the death penalty.

Candidates must have specialist knowledge of the region, proven research skills sound and impartial political judgment and the ability to work in a team, often under pressure. S/he must have fluent oral and written English, Spanish would be an advantage.

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International Secretariat  
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London WC1X 8DJ  
United Kingdom  
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A Palestinian nationalist, Faisal Husseini, meeting with reporters on Sunday after his release from an Israeli prison.

## A PLO Figure Is Hopeful On Rabin Election Plan

Reuters

KFAR YONA, Israel — A Palestinian nationalist leader, Faisal Husseini, was freed from an Israeli prison on Sunday and said he believed that the Palestine Liberation Organization would support elections in the Israeli-occupied territories under neutral supervision.

Mr. Husseini, regarded as the senior PLO figure in the West Bank, said a peace plan involving elections, designed by the Israeli defense minister, Yitzhak Rabin, could form a basis for negotiations between Palestinians and Israel.

"I believe the PLO will

agree," he said, "if it will be a real democratic and free election under the supervision of the United Nations or another international supervision and no preconditions about what will happen afterwards."

PLO leaders have so far rejected election proposals, saying such plans were intended to create an alternative leadership in the occupied territories and bypass Palestinian demands for self-determination and statehood.

The PLO chairman, Yasser Arafat, chairman, said last week that autonomy proposals in Mr. Rabin's plan were "trivial enough not to deserve an answer."

## Syringes Tied to AIDS In 27 Soviet Infants

Washington Post Service

MOSCOW — Doctors and nurses using contaminated syringes infected at least 27 infants with the AIDS virus in a children's hospital in the southern Russian city of Elista, according to reports by Soviet officials.

During breast-feeding, four mothers then contracted the AIDS virus from their babies through small cracks in the women's nipples, the newspaper *Trud* reported.

The president of the Soviet Academy of Medical Sciences and the country's best-known expert on AIDS, Valentin Pokrovsky, said in a television newscast that he thought the number of children infected with the virus at the hospital could double or triple.

"I believe we can say directly that the fault is with the hospital staff and nurses who probably used unsterile needles for children's in-

jections or just kept reusing the syringes," Dr. Pokrovsky said.

The Soviet Union produces almost no single-use syringes, and the state must use hard currency to buy them from abroad.

Soviet officials differ on the number of AIDS patients in the country, but the figure is rarely put at more than a few hundred, most of them foreigners. A U.S. expert on Soviet health, Murray Feshbach, said the number probably ran into the thousands "using only the most conservative published estimates."

### Ivory Coast Crash Kills 44

The Associated Press

ABIDJAN, Ivory Coast — A bus packed with schoolchildren toppled into a ravine near Abidjan and 44 people were killed, the national radio said Sunday.

### US CORPORATION INTERNATIONAL HUMAN RESOURCES

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EUROBONDS  
Strong Tokyo Prices Boost  
Equity-Linked Debt Issues

By CARL GEWIRTZ  
International Herald Tribune  
PARIS — A record \$4.78 billion of equity-linked debt from 13 Japanese companies hit the Eurobond market last week. All ended the week trading at hefty premiums over their offering prices, providing clear evidence that the deluge of issues made hardly a dent in the demand for such issues.

Japanese bankers said they were "pleasantly surprised" that there was no sign of saturating demand. "It reflects the performance of the Tokyo stock market," a spokesman for Nomura Securities Co. said.

The Nikkei 225 index, which set daily highs during most of last week, closed Saturday at a 31,679.07 after touching a record 31,729.71. The talk among chartists is for continuing gains as long as the index remains above 31,425.

Hideaki Akimoto, an economist at Daiwa Securities Research Institute, predicted at a London seminar last week that the Nikkei average would reach the 36,000 level this year.

Bankers called the \$1 billion bond issue by Mitsui & Co. an "icebreaker" by demonstrating that such big volume issues can be smoothly absorbed. The Mitsui bond, launched a week earlier, was priced last week at par with a coupon of 4 1/2 percent, down from the 4 3/4 percent initially indicated. Despite the cut in coupon, the bonds ended the week at 106 1/4, up 1/4 point from last week's level. During the week, Mitsui's stock price rose 50 yen to 1,110 yen.

Mitsui's success and the high price on the jumbo issues launched last week means that those companies all indicated to be 4 1/2 percent — will probably be cut to 4 1/4 percent as well.

The other \$1 billion offerings last week came from Canon Inc., Kobe Steel Ltd. and Nippon Steel Corp. Canon's bonds ended the week at 106 1/4 and Nippon Steel at 105 1/4. Kobe Steel ended the week at 103, but traders predicted the price would rise as Nomura, managers of the European placement, and Yamaichi Securities Co., responsible for Asia, began to harmonize distribution of the paper.

Nevertheless, it was clear that there was a positive correlation with the size of the issue and the market price. In part this reflected the fact that only the top companies dared to launch such big issues. But bankers said it also reflected investor preference for jumbo issues whose size is seen as assuring an active, liquid secondary market.

JAPANESE banks have committed themselves to make a market for issues of only \$150 million or larger. As a result, investors shun smaller issues out of fear of an illiquid secondary market. Indeed, the only paper among the recent offerings to trade at a discount was the \$40 million issue for Sanshin Electronics, which was launched a week earlier and priced last week at par bearing a coupon of 5 1/4 percent. It ended the week at 99 1/4.

In contrast to the previous three weeks, activity in the straight-bond market was subdued. Bankers note that borrowers generally are not pressed for cash — profits have been high and the expected slower economic growth means that cash in hand is adequate for their needs. Thus, the only incentive to tap the market is if the cost of funds is compelling.

That means that swaps into either low-cost floating-rate dollars or low-rate fixed-rate currencies. But last week the swap market was not working.

In the Canadian dollar market, where this year's volume of activity already totals \$2.2 billion dollars — about a quarter of the total business arranged during all of 1988 — swap opportunities dried up because of a widening in the yield differential between Eurobonds and Canadian government issues.

Alberta's Eurobonds, offered earlier this month to yield 26 basis points more than domestic government bonds, ended the week yielding 34 basis points over the benchmark rate and the spreads on lesser-rated issues have widened as much as 22 basis points.

Dealers are unable to say whether this widening is a function of an oversupply of paper or insufficient investor demand. Whatever the reason, the wider spread spoils the mathematics of the swap market. In fact, the only Canadian dollar offering last week was from the Province of Saskatchewan — a borrower obviously not interested in a swap.

Saskatchewan sold 300 million dollars of five-year notes bearing a coupon of 10 1/2 percent and priced to cost the issuer only 39 basis points more than domestic government bonds. Bankers estimate Saskatchewan would have had to pay a spread of at least 50 basis points to raise money in the domestic market.

Traders said that the terms were tight and that there was a glut of five-year paper still unsold from previous weeks.

In the U.S. dollar sector, the few issues that were marketed See EUROBONDS, Page 9

U.S. Tool  
Orders  
Advance

For 1988, Orders  
Increase by 70%

By Jonathan P. Hicks  
New York Times Service

NEW YORK — Orders for U.S.-made machine tools, bolstered by strong foreign demand, rose 13.4 percent in December, according to a report to be released Monday by the industry's trade association.

For all of 1988, machine tool orders were up 34.5 percent, reaching \$3.59 billion, the Association for Manufacturing Technology said. The group said foreign orders were up 82.4 percent to \$255.5 million, while domestic orders gained 67.4 to \$3.1 billion.

The December increase was the second consecutive monthly gain, reflecting a rebound from declines in September and October. In the monthly report, the group said the December new orders reached a level of \$316.4 million.

The figures showed that foreign orders were up 34.5 percent, to \$64.7, while domestic orders were up 9 percent, to \$251.6 million.

Machine tool orders rose 31.1 percent comparing the December figures with those a year earlier.

James A. Gray, president of the association, said that the level of orders last year was the highest since 1980 and that "both metal cutting and forming orders are up."

Domestic and foreign orders closed out the year well ahead of 1987.

Mr. Gray expressed the hope that the Bush administration would continue "the policies that have made this recovery possible for our industry."

"Trade policy must push us in the direction of importing less and exporting more," he said.

Some analysts predict that the industry will continue its recovery this year.

"The economy is going to be better and there will be a bit more capital being spent on plant and machinery," said James J. Paper, an analyst with Kirkpatrick, Petis, Smith Polian.

Subaru Bets Future on New Compact

Carmaker Sees  
End to Slump  
With Legacy

By Doron P. Levin  
New York Times Service

CHERRY HILL, New Jersey — Subaru of America Inc. is counting on a new, powerful compact vehicle and technological gadgetry to pull it out of a two-year sales slump.

For most of the 1970s and 1980s, Subaru was a junior member of the Japanese invasion force led by Toyota Motor Corp., Honda Motor Co. and Nissan Motor Co. that won a large portion of the U.S. auto market.

Using one basic platform, Subaru built its success on four-wheel-drive vehicles and concentrated its sales efforts in areas with severe weather, such as Colorado and New England.

But when the yen began to rise in value against the dollar, putting pressure on profits, Subaru failed to respond as nimbly as other Japanese auto companies.

The result was two years of falling sales and losses after 10 years of strong, steady growth. Subaru's performance during the past two years has diminished the aura of infallibility surrounding the Japanese auto companies.

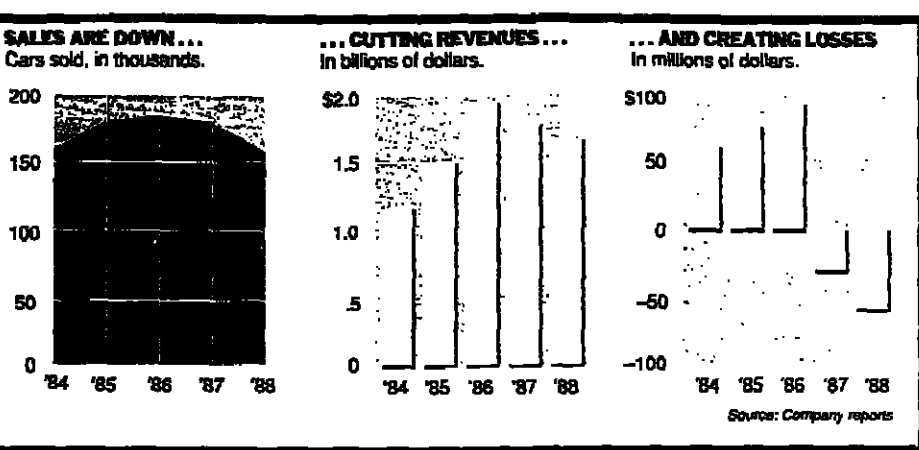
But Subaru hopes to make a comeback with the Legacy, the largest car it has ever offered, which it will introduce next month in Chicago.

The Legacy, which Subaru says is the most powerful car in its class, features styling that is admittedly inspired by the Acura Legend, Honda's successful luxury car. The Legacy also offers all sorts of gadgets, such as anti-lock braking and an air pressure adjustment to control the height of the car above the ground.

The new car will give Subaru dealers a badly needed competitor for the Toyota Camry, Mazda 626, Honda Accord and Nissan Sentra, which are growing in popularity.

"We should have had this car three years ago," a Subaru marketing manager said.

In addition to the Legacy, Subaru will soon offer a continuously variable transmission on its smallest car, the Justy. The company



tionously variable transmission substitutes pulleys and belts for the gears normally found in an automatic transmission and is reputed to improve gas mileage.

The new transmission system is not available on any other car in the United States, and Subaru hopes it will give the company a

me," said Charles Brady, an analyst with Oppenheimer & Co.

To a limited degree, Fuji already seems to be following this advice. Beginning in the fall, Subaru is scheduled to begin receiving shipments of Legacys produced in an assembly plant in Lafayette, Indiana. The plant,

wrong. For 10 years, revenues and profits grew consistently. Most Subaru retail dealers were besieged with orders and could have sold even more vehicles if not for the voluntary restraints imposed by the Japanese government limiting auto exports to the United States.

Subaru was one of Wall Street's darlings. Fifty percent of the company's common stock is publicly traded and the shares had soared from 25 cents in 1977 to a peak of \$38.75 a share in May 1986.

Subaru's stock now trades over the counter for about \$6.50 a share.

"I guess if we had it to do all over again we should have pushed harder and earlier for new products,"

Thomas R. Gibson, president of Subaru of America.

leg up among car buyers who prize technological innovation.

Whether these measures are enough to reverse Subaru's slide is unclear. The Legacy will battle some of the most formidable vehicles offered by Japanese automakers, which have cut deeply into the U.S. compact car market and have been winning customer loyalty while Subaru has needed to catch up.

Some analysts think that Subaru, to survive in the increasingly fierce U.S. market, must eventually form joint ventures with other auto companies to broaden its product line.

Such ventures might also serve to increase the production capacity of its Japanese parent, Fuji Heavy Industries Ltd., which owns about 50 percent of the U.S. auto-importing company and builds all its vehicles.

"Trying to take on the Camry, Accord and 626 looks like swimming in shark-infested waters to

Bond  
Rejects  
Proposal

Won't Sell Unit  
In Hong Kong

Compiled by Our Staff From Dispatches

HONG KONG — Bond Corp. Holdings Ltd. rejected Sunday an offer of about 2.4 billion Hong Kong dollars (\$307.6 million) for its 66 percent-owned Hong Kong subsidiary, Bond Corp. International Ltd.

Bond Corp. Holdings is trying to acquire the BCIL shares it does not already own for 2.20 Hong Kong dollars each, but Indosuez Asia Ltd., financial adviser to the minority shareholders, has said the stock's net asset value was 3.20 dollars.

On Saturday, HKR Properties Ltd. offered to buy the Bond Corp. stake in BCIL, but let the Australian company retain the unit's non-Hong Kong assets and to pay minority shareholders 3 dollars a share or allow them to retain their interests in the remaining holdings. Warrant holders would have an option to sell their instruments for 50 cents each.

Bond Corp.'s offer to the minority shareholders, which requires approval by 75 percent of them, values BCIL at about 2.67 billion Hong Kong dollars, while the offer by HKR, a residential property developer, sets it at 3.64 billion.

Peter Lucas, managing director of BCIL, said Bond Corp. and the subsidiary were "not prepared to see BCIL dismembered in this way."

He said the offer was designed to gain control of BCIL's 50 percent interest in the Bond Center, a new office building in Hong Kong's central business district.

Commercial real estate in Hong Kong has been rapidly appreciating since December. Surveyors said the Bond Center could be sold now for 4 billion Hong Kong dollars.

In 1987, BCIL sold a half interest in the project to EIE Development Co. of Japan for 128 million dollars.

Mr. Lucas also said BCIL would seek to adjourn its meeting of warrant holders and extraordinary general meeting scheduled on to allow time to digest the proposal.

Minority shareholders were due to vote on Bond Corp.'s proposal. Approval requires a majority of 50 percent of the minority shareholders present, and they must hold at least 75 percent of the stock not owned by Bond Corp.

Analysts said the Bond Corp. bid was likely to succeed even though the HKR offer was higher.

"Parties sympathetic to Bond Corp. have been major buyers of the stock in the market," an analyst said last week. "The opposition camp is comparatively weak."

BCIL stock closed at 2.125 dollars on Friday.

Besides the interest in Bond Center, BCIL owns 50.2 percent of Chile's telephone monopoly and undeveloped land in Rome.

In November, it sold a 30 percent stake in Television Broadcast- ing Ltd. of Hong Kong for \$256 million. Indosuez said the Bond Corp. offer failed to take this profit into account. (Reuters, AFP)

AT&T Has Clearest Line to Italian Connection

By Sara Gay Forden  
Special to the Herald Tribune

MILAN — A yearlong search for a partner to help the Italian state telecommunications company update the country's telephone system is drawing to a close with American Telephone & Telegraph Co. steadfastly holding the lead among contenders for the venture, which is estimated to be worth more than \$26 billion.

But although AT&T has been the preferred choice of politicians and industry officials for more than a month, Italian politics and sweetened last-minute offers from European competitors have delayed the final decision on a partner for Italtel SpA.

Siemens AG of West Germany, AT&T's main competitor, said it improved its offer Thursday in last-minute jockeying for the

award, but the new bid failed to impress Italian telecommunications industry officials. A spokesman for Italtel said the new provisions, which included majority ownership of the venture for the Italian company, had already been considered at the beginning of this year after all candidates had been asked to resubmit their proposals.

Italtel's reported preference for the U.S. partner has been confirmed by the independent evaluation conducted by Arthur D. Little Inc., which rated AT&T far ahead of its competitors on technical merits.

The final choice, however, must be approved by the Italian government, the state-owned industrial concern, Istituto per la Ricostruzione Industriale, and STET, the holding company for the government electronics and communications industry.

Sources familiar with the negotiations said Prime Minister Ciriaco De Mita and IRI's chairman, Romano Prodi, favor AT&T. A political debate, however, has arisen over choosing a European partner for Italtel instead of an "outsider."

Carlo Fracanzani, minister of state industry, has emphasized the importance of reinforcing European unity in preparation for the ending of trade barriers in the European Community at the end of 1992. Others have echoed his calls for selecting a European partner for Italtel, including unions representing metalworkers.

Yet Mr. Prodi appeared unfazed by the latest developments. "We're right on track. There are no dramas, and we're proceeding accordingly," he told the Milan-based financial newspaper Il Sole 24 Ore on Saturday.

The stakes involved in the Italtel deal are significant, both for the Italian industry and its eventual partner. A large-scale "European Plan" to revamp Italy's clumsy phone system in time for the 1992 European unification has been valued at least 36 trillion lire (\$26.56 billion), according to an Italtel spokesman.

In addition, Italy's telecommunications market remains one of the few in Europe not seen up by a single controlling interest, although about 50 percent of the switching sector is controlled by Italtel.

For AT&T, which is actively in search of foreign markets after U.S. deregulation loosened its monopoly over the American telecommunications industry, an agreement

See PHONES, Page 9

Texaco Agrees to Make  
\$1.9 Billion Payout

United Press International

NEW YORK — Texaco Inc. said Sunday its board has approved, as part of the company's massive corporate restructuring, the distribution to shareholders of two dividends worth \$8 a share, or about \$1.9 billion, in cash and securities.

The third-largest U.S. oil company also announced plans to repurchase \$500 million worth of its stock and said it has reached a "standstill" agreement with Carl C. Icahn, the company's largest shareholder, who last year launched an unsuccessful proxy battle to gain five seats on Texaco's board.

The agreement settles all outstanding litigation between Mr. Icahn and Texaco and states that Mr. Icahn will not acquire additional shares of Texaco stock.

The special dividends represent about one-third of the cash proceeds raised from Texaco's restructuring following its emergence from bankruptcy proceedings in April 1988.

The first dividend is to be in the form of \$4 a share in notes. The second payment is to consist of \$3 a share in cash and \$1 par value per share in variable-rate preferred stock.

Both dividends are subject to shareholder approval at the company's May 1989 annual meeting.

"With today's action, Texaco has done even more than it pledged to its shareholders last time," said James W. Kinnear, Texaco's president and chief executive officer.

"We have successfully completed one of the most extensive restructurings of assets in history, measurably improving our competitiveness and profitability," Mr. Kinnear said.

Texaco generated about \$7 billion from the disposal of various assets, including most recently the Jan. 20 sale of its 78 percent stake in Texaco Canada Inc. to an Exxon Corp. subsidiary for \$3.24 billion.

Mr. Kinnear said the pact with Mr. Icahn "should provide a period of stability" needed for Texaco shareholders to realize the benefits of the company's restructuring.

Mr. Icahn said he supports the dividend payment plan.

"What is especially appealing in this plan is that shareholders will be receiving \$1.9 billion without having to give up any of their stock ownership, in addition to the \$500 million buy-back" he said.

In a Securities and Exchange Commission filing earlier this month, Mr. Icahn said he owns 16.6 percent of Texaco's 242 million outstanding shares.

Last year, the oil company rejected a \$60-a-share, \$12 billion takeover bid from Mr. Icahn.

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Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes		Interest Rates	
United States	Jan. 27	Jan. 28	Change
DJ Indus.	2,322.36	2,325.34	+2.97
DJ Util.	1,899.76	1,902.74	+2.98
DJ Trans.	1,251.71	1,254.71	+3.00
S & P 100	239.55	241.41	+1.86
S & P 500	239.55	241.41	+1.86
S & P Ind	209.55	211.41	+1.86
NYSE Comp	1,647.8	1,651.8	+4.0
Bonds			
NYSE 100	3,005.90	3,017.50	+11.60
NYSE 20	1,647.80	1,651.80	+4.00
Japan			
Nikkei 225	31,646.13	31,770.38	+124.25
West Germany			
DAX	1,688.40	1,688.10	-.30
Commodities			
West Coast	2,954.95	2,957.91	+2.96
Hong Kong	2,954.95	2,957.91	+2.96
Went	2,954.95	2,957.91	+2.96
Went	2,954.95	2,957.91	+2.96
Went	2,954.95	2,957.91	+2.96
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## New International Bond Issues

Compiled by Bassam Am

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price and week	Terms
<b>FLOATING RATE NOTES</b>						
Commonwealth Bank of Australia	\$400	perp.	0.06	100	—	Over 6-month Libor, exchangeable annually starting in 1994 into a five-year FRN with interest of 100% flat. Callable at par in 1994. Fees 0.25%. Denominations \$10,000. (Credit Suisse First Boston.)
NUK Financial	\$100	1999	0.20	100	—	Over 6-month Libor, callable at par in 1990. Fee 0.25%. Denominations \$100,000. (Golder Pooled Int'l.)
<b>FIXED-COUPON</b>						
Barclays Bank	\$100	1999	9%	101.40	99.85	Callable at 100% in 1994 declining by 1% per year. Fees 2% (Golder Pooled Int'l.)
Canon USA	\$ 70	1999	9%	102	—	Noncallable. Fees 2% (Mitsui Bank.)
IBM Credit	\$250	1992	9%	101.07	100%	Noncallable. Fees 1.8%. (Credit Suisse First Boston.)
Sumitomo Int'l Finance Australia	\$100	1993	9%	101.60	100.00	Noncallable. Fees 1.8%. (Sumitomo Finance Int'l.)
Svenska Handelsbanken	\$120	1995	10	101%	100.00	Callable at par in 1991. Fees 1.8%. (Bankers Trust Int'l.)
ISS-Finans AS Copenhagen	DM 140	1994	6%	101%	98.225	Noncallable. Fees 2%. (Commerzbank AG.)
Norddeutsche Landesbank Luxembourg	DM 100	1994	6	101%	—	Noncallable. Fees not disclosed. (Norddeutsche Landesbank Luxembourg.)
PK Banken	DM 100	1996	6%	101%	100.10	Noncallable. Fees 2.4%. (Bank of Tokyo Deutschland.)
Republic of Finland	FF 600	1996	7%	96%	94.35	Callable at 101% in 1991 declining by 0.25 annually. Fees 1.8%. (Banque Indosue.)
European Investment Bank	m. 200,000	1996	11	101%	99.25	Callable at 101% in 1994 and at 100% in 1995. Fees 1.8%. (Banca Di Napoli.)
Republic of Finland	DK 400	1994	9%	101%	100.00	Noncallable. Fees 1.8%. (Privatbanken.)
Province of Saskatchewan	CS 300	1994	10%	101	99.25	Noncallable. Fees 1.8%. (Wood Gundy.)
BFG Luxembourg	Aus 50	1992	15	101%	100.12	Noncallable. Fees 1.8%. (Bankers Trust Int'l.)
Royal Bank of Canada	Aus 50	1991	15%	101%	100.45	Noncallable. Fees 1.8%. (Bankers Trust Int'l.)
<b>EQUITY-LINKED</b>						
Canon (Europe)	\$600	1993	open	100	106.50	Coupon indicated at 4.6%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 24% premium. Fees 2.4%. Terms to be set Jan. 30. (Yamachi Int'l Europe.)
Canon (Asia)	\$400	1993	open	100	106.50	Coupon indicated at 4.6%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 24% premium. Fees 2.4%. Terms to be set Jan. 30. (Singapore Nomura Securities Bankings.)
Dai-ichi Kangi Denki	\$ 90	1993	open	100	100.00	Coupon indicated at 5.6%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 24% premium. Fees 2.4%. Terms to be set Jan. 31. (Nomura Int'l.)
Hankyu Department Stores	\$200	1993	4%	100	104%	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 1.25 yen per share and at 128.50 yen per dollar. Fees 2.4%. (Yamachi Int'l Europe.)
Hanwa	\$700	1993	4%	100	107%	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 1.74 yen per share and at 128.50 yen per dollar. Fees 2.4%. (Yamachi Int'l Europe.)
Kobe Steel Asia	\$500	1993	open	100	103.00	Coupon indicated at 4.6%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 24% premium. Fees 2.4%. Terms to be set Feb. 1. (Yamachi Int'l Europe.)
Kobe Steel Europe	\$500	1993	open	100	103.00	Coupon indicated at 4.6%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 24% premium. Fees 2.4%. Terms to be set Feb. 1. (Yamachi Int'l Europe.)
Kyocera	\$300	1993	open	100	105.00	Coupon indicated at 4.6%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 24% premium. Fees 2.4%. Terms to be set Jan. 31. (Yamachi Int'l Europe.)
Mitsubishi Oil	\$250	1993	4%	100	105.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 1.28 yen per share and at 128.50 yen per dollar. Fees 2.4%. (Nikko Securities Europe.)
Mitsui & Co.	\$1,000	1993	4%	100	106.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 1.38 yen per share and at 128.50 yen per dollar. Fees 2.4%. (Yamachi Int'l Europe.)
Nakayama Steel Works	\$150	1993	4%	100	102.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 1.45 yen per share. Fees 2.4%. (Yamachi Int'l Europe.)
NEC	\$500	1993	open	100	105.00	Coupon indicated at 4.6%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 24% premium. Fees 2.4%. Terms to be set Feb. 2. (Yamachi Int'l Europe.)
Nippon Steel	\$1,000	1993	open	100	105.00	Coupon indicated at 4.6%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 24% premium. Fees 2.4%. Terms to be set Feb. 2. (Yamachi Int'l Europe.)
Sanken Electric Co.	\$150	1993	open	100	102.50	Coupon indicated at 4.6%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 24% premium. Fees 2.4%. Terms to be set Jan. 31. (Yamachi Int'l Europe.)
Sanshin Electronics	\$ 40	1993	5%	100	99.50	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 1.42 yen per share and at 128.50 yen per dollar. Fees 2.4%. (Yamachi Int'l Europe.)
Sumitomo Metal Industries	\$500	1993	open	100	105.00	Coupon indicated at 4.6%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 24% premium. Fees 2.4%. Terms to be set Feb. 1. (Yamachi Int'l Europe.)
Tokyo Store Chain	\$ 90	1993	open	100	102.50	Coupon indicated at 5.6%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 24% premium. Fees 2.4%. Terms to be set Feb. 1. (Yamachi Int'l Europe.)
Topy Industries	\$150	1993	open	100	102.75	Coupon indicated at 4.6%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 24% premium. Fees 2.4%. Terms to be set Jan. 31. (Yamachi Int'l Europe.)

## EUROBONDS: Strong Tokyo Market Bolsters Equity-Linked Offerings

(Continued from first finance page) were virtually all targeted for sale in Japan. Barclays Bank PLC and Svenska Handelsbanken both issued callable bonds. The profit from the sale of the call option enables issuers to offer higher returns to compensate investors for the risk of having the paper redeemed early.

Barclays, for example, priced its paper to yield 74 basis points more than U.S. government bonds, about 20 basis points more generously than it would pay to issue noncallable paper.

The object is to be able to put a coupon of 10 percent on the bonds

— a double-digit aimed at coupon-hungry investors in Japan. Barclays just missed that target, setting a coupon of 9 percent, but the paper still sold well in Japan. This issue was helped by the fact that the call provision, if exercised, will be at a small premium of 100% instead of the standard par redemption price.

The Barclays call was also long — anytime after five years, compared with the three to four years on other recent issues. Svenska Handelsbanken's six-year notes are callable after two years at par.

Also targeted for the Japanese

were issues by Canon USA and Sumitomo International Finance Australia, neither of which are guaranteed by the parent Japanese company. Canon's paper carries a guarantee by Mitsui Bank. With issues priced to yield 50 basis points more than U.S. Treasury rates, both companies were able to raise money more cheaply here than they could in the U.S. market.

IBM Credit sold \$250 million of three-year notes priced with a coupon of 9 percent, costing the company 26 basis points more than the yield on U.S. government paper.

In the floating-rate market, Commonwealth Bank of Australia issued \$400 million of perpetual notes, increased from the \$300 million initially announced to meet investor demand.

The Commonwealth Bank bonds are senior obligations guaranteed by Australia, with interest set at 6 basis points over the London interbank offered rate. After five years, and on each annual coupon payment date thereafter, holders can request to exchange their undated paper into a five-year floating-rate note, with the interest payment set at no margin over the average of the bid-offered interbank rate — effectively 6 basis points below Libor.

Thus, an investor seeking such repayment would have earned an average annual return over 10 years of Libor flat.

The attraction for the issuer is that the proceeds of the perpetual are considered by the Australian banking authorities as Tier 1 capital.

Under the new international guidelines set by bank regulators working under the aegis of the Bank for International Settlements, Tier 1 capital is equity or near-equity. And a key feature of equity is that it need not be re-

generated if a bank runs a loss. Thus, standard elements in other Tier 1 capital raising operations are that the debt be subordinated and contain a proviso that interest payments can be suspended.

Commonwealth Bank could omit these two elements because of side letters of understanding it has with the government that any difficulties the bank may encounter in servicing the debt will be picked up by the government.

Tier 1 capital also has to be permanent. Thus, an effort will be made to resell additional undated paper anytime investors opt to convert into five-year notes. Presumably, the government also stands ready to buy any perpetuals that cannot be resold.

Last year, Commonwealth Bank issued \$300 million of Tier 1 perpetual floating-rate notes on which interest was set at 15 basis points over Libor.

## Treasury Bonds

Maturity	Bid	Ask	Yield	Wk. chg.
30.09.90	99 1/2	99 3/4	9.07	9.12
30.09.91	99 1/2	99 3/4	9.07	9.12
30.09.92	100 1/2	100 1/2	9.05	9.11
30.09.93	99 1/2	99 3/4	9.02	9.09
30.09.94	101 1/2	101 1/2	8.99	9.07
30.09.95	99 1/2	99 3/4	8.95	9.02
30.09.96	104 1/2	104 1/2	8.87	8.97
30.09.97	102 1/2	102 1/2	8.77	8.88

Source: Salomon Inc.

## U.S. Consumer Rates

Rate	Jan. 27
Three Month Bank Bill	7.25 %
Money Market Funds	
Dreyfus 7-Day Average	8.75 %
Bank Money Market Accounts	
Bank of America	6.25 %
Wells Fargo	10.25 %

Source: New York Times.

## Dollar Finds Trading Range

By Carl Gewirtz

PARIS — Central banks scored a modest victory in their repeated rounds of coordinated intervention to cap the dollar's strength last week. They kept the currency from reaching the high set a week earlier.

Technical analysts consider it significant that while the dollar finished trading at 1.8650 Deutsche marks, its best level of the week, it was still below the high of 1.88 DM briefly touched a week earlier.

"It shows the dollar is in a trading range," said Steven Blitz, a technical analyst for Salomon Brothers Inc. in New York.

Traders said the central banks adopted a new play Friday, intervening as European markets opened in an effort to prevent momentum building up to carry the dollar higher. The officials resumed their intervention just as the dollar sagged when Washington reported fourth-quarter growth figures that at first glance looked unfavorable for the currency.

But each time the central banks left the market, the dollar recovered and began climbing.

This pattern, evident for the past two weeks, is seen confirming that the money flowing into dollars is not short-term speculation by traders — who normally run away from showboots with central banks — but rather medium- and long-term investors, whose portfolio decisions are less susceptible to being influenced by official intervention in the foreign exchange market.

"My sense of the situation is that this is medium- and long-term investment," said Richard Koo, a Tokyo-based analyst for Nomura Securities Co. "Investors are reassessing the outlook for the U.S. economy. When the money flows are medium- and long-term, central banks have their work cut out for them."

Also noteworthy is that the dollar ended the week on a rising trend. Normally, the dollar sags on Friday as traders close out positions to reduce or eliminate their exposure over the weekend.

Another striking pattern that has emerged over the past weeks is that demand for the dollar appears to be indifferent to news developments.

A disappointing trade report on Jan. 18 did cause the dollar to dip, but that decline was obviously seen as a new opportunity to buy the currency as it quickly recovered.

Last week, the currency market shrugged off mounting evidence that President George Bush and Alan Greenspan, the Federal Reserve Board chairman, are on a collision course over economic policy, with the president seeking to maximize the pace of economic expansion and the central bank chief aiming to minimize inflation.

When the fourth-quarter GNP data was released on Friday, the dollar initially slipped. Despite intervention aimed at pushing it down further, however, the currency subsequently rallied. The dollar dipped because the growth rate was slower than most analysts had been projecting — a 2 percent annual rate, compared with an expected 2.4 percent.

This subdued rate of growth was seen as relieving the Fed of having to raise interest rates in the immediate future. High U.S. interest rates — 3 1/2 percentage points above those prevailing in West Germany and 5 points higher than Japanese rates — are generally credited with pulling foreign money into the dollar. Once U.S. rates peak, money should start to flow out.

Instead the dollar rose again. The interest rate outlook is good for the bond and stock markets, and foreign investors appeared to reason that even if the dollar ceased to rise, profits were still to be made on the gains on holdings of U.S. stocks and bonds.

"The psychology of the market now is that good news or bad news is good for the dollar," said Lawrence Brainard, economist at Bankers Trust Co. in New York.

John Lipsky, director of international bond market research at Salomon Brothers in New York, concurred. "The foreign exchange

market is in a mood where all news is good news."

Economists note that the fourth-quarter GNP growth figure gives a distorted view of what is happening in the United States — that domestic demand is still quite high but did not push up the overall growth rate. That is because some of the demand spilled out of the country through increased imports and some of it was met by domestic industry running down inventories.

Net exports in the fourth quarter were reported at a deficit of \$100.7 billion, compared with \$93.9 billion in the third quarter, while inventory growth was \$29.2 billion, down from \$39.5 billion in the third quarter.

This week's scheduled meeting in Washington of the Group of Seven finance ministers could cause the exchange market to become nervous, say dealers, who add that the dollar's tone will stay strong at least until the Bank of Japan joins the North American and European central banks in fighting the uptrend.

Dealers enumerated many reasons for the Japanese to stay on the sidelines. These included:

• The weakness of the Deutsche mark is the main problem, and that is a self-inflicted wound stemming from the decision to impose a withholding tax on interest payments — prompting the capital flight from Germany — and the confusing statements from politicians in Bonn and the central bank in Frankfurt over strategy in the foreign exchange market. In short, it is a German problem.

• A desire to keep their own options open, waiting to see if the dollar reaches a high — believed to be 130 yen or above — that could more easily be reversed.

• A fear that market psychology could easily be reversed and set off a downturn that would require massive intervention to support the dollar. With Japan's money supply already expanding at a fast clip, Japan wants to avoid being obliged to pump out yen to buy dollars and risk fueling the potential for higher domestic inflation.

## PHONES: AT&T Close to Deal

(Continued from first finance page)

with Italtel could provide a key stepping stone into Europe.

But high-level lobbying has occurred on behalf of the European competitors: Chancellor Helmut Kohl of West Germany intervened on behalf of the Siemens bid and President François Mitterrand pushed for the French-owned suit-or, Alcatel, during an October meeting with Mr. De Mita.

AT&T also lobbied hard in December during Mr. De Mita's visit to the United States.

The European candidates, along with the fourth runner-up, the Swedish company, L.M. Ericsson, are already present in the Italian market to varying degrees in the form of Siemens Italia Telecomunicazioni, Alcatel-FACE and Ericsson's Farnes SpA. These manufacturers sell directly to SIP, the state telephone-operating company, and they have developed ties to the Italian telecommunications industry over a number of years.

Yet from the Italian viewpoint, the attractions of an AT&T partnership are compelling. The most important factor is that AT&T has guaranteed Italtel complete autonomy, a critical factor in the Italian decision.

Although the specifics of an eventual alliance between the two have not been spelled out, Il Sole 24 Ore reported that proposals had described a direct participation by AT&T in Italtel's capital that would range from 5 percent to 10 percent.

The relatively minor direct participation proposed by AT&T and promises of parity in joint ventures for product development have relieved Italian fears of being engulfed by a huge foreign partner.

Aggressive moves toward expansion by Siemens, such as its bid for Plessey Co. with General Electric Co. of Britain, may have worked against it for this reason.

Furthermore, AT&T has a technical edge in research and development, software, network management and transmission technology that fulfills Italtel's own modernization goals. Regarding expansion, AT&T offers not only access to the U.S. markets but also has promised to split the proceeds of future ventures into foreign markets.

In addition, AT&T's status as a major stockholder in Olivetti SpA has generated discussions of an eventual three-way venture.

## SUBARU: Hopes Tied to Legacy

(Continued from first finance page)

cent in the same period, to \$1.67 billion last year.

And Subaru, which earned a record \$94 million in the 1986 fiscal year, had losses of \$30 million the next year and nearly \$58 million in 1988.

Some dealers say that while growth has slowed, sales are still respectable.

James Dwyer, salesman at Joe Dwyer Subaru Volvo Inc. in Detroit, said he could sell more new Subarus now if he had them, especially the four-wheel-drive wagons. Fortunately for Subaru, Mr. Lamm said, he resisted the temptation two years ago to spend about

\$260 million in cash and marketable securities accumulated during the years of plenty to pursue a diversification strategy. Many shareholders and analysts had urged Mr. Lamm in 1986 to use the money on acquisitions.

"A deep-pocket position is always a good one to be in, and unfortunately that idea has proven itself correct," Mr. Lamm said.

Cash and marketable securities have dropped to \$190 million, Mr. Lamm said. But he predicted that Subaru would again be profitable by this fall and that losses during the two-year downturn would be stopped at \$100 million, nearly equal to the company's 1986 profit.

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the next in a series of all-advertising features  
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the European Community's move to a frontier-free market.

## EUROPE: HORIZON 1992

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It will appear in the Business Day section of The New York Times

in June, 1989

The first in the "Europe: Horizon 1992" series appeared in the Business Day section in December, 1988. In June and December through 1992, The New York Times will publish features updating the European Community's progress toward its historic goal, analyzing such key questions as monetary integration, labor legislation, airline deregulation and those centering on banking and financial services.

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The New York Times

## Giuliani Is Facing Deadline

### For Action Against Milken

Compiled by Our Staff From Dispatches

NEW YORK — If Rudolph W. Giuliani wants to secure an indictment against Michael R. Milken, the head of Drexel Burnham Lambert Inc.'s junk bond operations, it will have to come on Monday.

Monday is the last day that the grand jury hearing the case will be sitting before Mr. Giuliani steps down as the U.S. attorney in Manhattan. His successor, Benito Romano, who will become acting U.S. attorney for Manhattan around midweek, could seek an indictment afterwards.

Lawyers for Mr. Milken spent Friday preparing for the possibility that their client could be indicted this week, anticipating charges of criminal racketeering and securities fraud.

The lawyers confirmed that they had held talks with federal prosecutors on the possibility of Mr. Milken's pleading guilty to reduced

charges. But they said the talks were terminated and an indictment was still expected.

The government had proposed to charge Mr. Milken with two felony counts that did not include racketeering.

According to a source close to Mr. Giuliani, the offer of a plea agreement was a "routine" move normally made by prosecutors shortly before an indictment is brought.

Federal prosecutors filed criminal charges of securities and mail fraud against Drexel on Tuesday. The firm has said it would plead guilty to those charges once it reaches a settlement of related civil charges brought in September by the Securities and Exchange Commission.

The SEC has accused Drexel, Mr. Milken



OTC Consolidated trading for week ended Friday.

OTC Consolidated trading for week ended Friday.

(Continued on next page)



## WORLD STOCKS IN REVIEW / Via Agence France-Press

## Amsterdam

Amsterdam stocks advanced last week, with the CBS general index rising 1.6 percent, to 178.20, for the week. Volume fell to 6.93 billion guilders from 8.22 billion the previous week.

Unilever and Royal Dutch rose. Analysts said the first part of the privatization of DSM, the state-owned chemicals concern, would be oversubscribed.

## Frankfurt

Foreign interest, especially in steel and chemical issues, and advances in New York and Tokyo, boosted prices last week.

The Commerzbank index finished Friday at 1,684.4, up 18.3 points from the previous Friday. Volume on the eight West German stock exchanges totaled 26.41 billion DM, up from 21 billion last week.

## Hong Kong

Stocks advanced late in the week, largely because of a buoyant local real estate market pushing up property shares.

The Hang Seng Index was up 59.04 points for the week to finish at 2,956.95, a high since the market collapse of October 1987. The broader Hong Kong Index gained 40.02 to 1,948.10.

Average daily volume was 1.32 billion Hong Kong dollars, down slightly from 1.37 billion Hong Kong dollars the previous week.

## London

The Stock Exchange enjoyed its second consecutive week of strong gains, with the FT-SE index breaking 2,000 points after better than expected trade figures were released on Friday. It closed up 46.1 points at 2,005.9, compared with the previous week's close of 1,959.5.

The announcement that the British current account deficit had shrunk to £1.26 billion for December pushed the index over 2,000 for the first time since the October 1987 market collapse.

The upward trend had been sustained earlier in the week by a radio interview with the chancellor of the Exchequer, Nigel Lawson, in which he said interest rates were high enough and restrictive policy was bearing fruit.

## Milan

Milan stocks had an off week, with a drop in prices and volume. The Comit index finished at 601.31, against 612.92 a week previously. The Mediobanca index declined from 288.44 to 280.92.

An average of 55 million shares a day changed hands, against 75 million the previous week, with an average daily value of 190 billion lire against 275 billion.

The market was weakened by the drop in Fiat shares — off 3.2 percent for the week — despite positive 1988 results reported on Tuesday by its chairman, Giovanni Agnelli.

## Paris

Stocks rose last week on the basis of the spot trend indicator, but the CAC share price index was unavailable for most of the week because of intermittent strike action by Bourse staff.

On the basis of the spot trend indicator, prices dropped almost one percent on Monday, rose by 1.89 percent on Tuesday and the same on Wednesday, dipped by 0.69 percent on Thursday, and were up by 0.68 percent on Friday.

## Singapore

The Straits Times industrial index gained 20.17 points for the week to 1,115.48, its highest level of the year, while the SSES all-share index gained 3.57 points to 307.28. Total volume for the five days rose 30 percent from 295.6 million shares, also a high for the year, while value was up 20 percent to 488.2 million Singapore dollars.

## Tokyo

Prices rose sharply last week, with both market barometers finishing at record highs. The Nikkei

Stock Average of 225 selected issues closed the week at 31,679.07 yen after half-day trading Saturday, an all-time high and 508.69 yen higher than its 31,170.38 yen of Jan. 21. There was no trading the previous Saturday.

Another major market indicator, the Tokyo stock price index of all issues in the first section, finished at 2,478.12 points Saturday, also a new high and up 32.4 from a 2,425.72 finish last week.

Volume averaged 1.09 billion shares a day compared with last week's 1.118 billion. The daily value of stocks traded reached 1.4 trillion yen, up from the previous week's 1.309 trillion yen.

Analysts said the bullish tone was expected to continue for at least another month, as finance

ministers from the Group of Seven nations are likely to reconvene currency stabilization cooperation.

## Zurich

Stocks gained moderately last week in sustained trading, almost making up for the previous week's losses, operators said. The Credit Suisse index finished at 542.2 on Friday, against 535.9 a week earlier. The Swiss Bank Corp. indicator ended at 576.9 against 570.7.

Operators expressed worry about the short term because of the recent rise in mortgage rates, which has not yet been put through by all banks. They said bonds might suffer before stocks from the rise, which will result in some inflationary pressure.

## Wall Street Review

## NYSE Most Actives

Vol.	High	Low	Last	Chg.
IBM	115 1/8	115 1/8	115 1/8	+1/8
GE	40 1/4	40 1/4	40 1/4	+1/4
AT&T	54 1/2	54 1/2	54 1/2	+1/2
Merck	48 1/4	48 1/4	48 1/4	+1/4
Johnson & Johnson	28 1/4	28 1/4	28 1/4	+1/4
Amgen	27 1/4	27 1/4	27 1/4	+1/4
Boeing	26 1/4	26 1/4	26 1/4	+1/4
McKesson	25 1/4	25 1/4	25 1/4	+1/4
Amgen	24 1/4	24 1/4	24 1/4	+1/4
Amgen	23 1/4	23 1/4	23 1/4	+1/4

## AMEX Most Actives

Vol.	High	Low	Last	Chg.
IBM	115 1/8	115 1/8	115 1/8	+1/8
GE	40 1/4	40 1/4	40 1/4	+1/4
AT&T	54 1/2	54 1/2	54 1/2	+1/2
Merck	48 1/4	48 1/4	48 1/4	+1/4
Johnson & Johnson	28 1/4	28 1/4	28 1/4	+1/4
Amgen	27 1/4	27 1/4	27 1/4	+1/4
Boeing	26 1/4	26 1/4	26 1/4	+1/4
McKesson	25 1/4	25 1/4	25 1/4	+1/4
Amgen	24 1/4	24 1/4	24 1/4	+1/4
Amgen	23 1/4	23 1/4	23 1/4	+1/4

## NYSE Sales

Total	Vol.	Value
Jan. 27	1,111,111	\$1,111,111
Jan. 28	1,111,111	\$1,111,111
Jan. 29	1,111,111	\$1,111,111
Jan. 30	1,111,111	\$1,111,111
Jan. 31	1,111,111	\$1,111,111

## AMEX Sales

Total	Vol.	Value
Jan. 27	1,111,111	\$1,111,111
Jan. 28	1,111,111	\$1,111,111
Jan. 29	1,111,111	\$1,111,111
Jan. 30	1,111,111	\$1,111,111
Jan. 31	1,111,111	\$1,111,111

## NYSE Diaries

Vol.	High	Low	Last	Chg.
IBM	115 1/8	115 1/8	115 1/8	+1/8
GE	40 1/4	40 1/4	40 1/4	+1/4
AT&T	54 1/2	54 1/2	54 1/2	+1/2
Merck	48 1/4	48 1/4	48 1/4	+1/4
Johnson & Johnson	28 1/4	28 1/4	28 1/4	+1/4
Amgen	27 1/4	27 1/4	27 1/4	+1/4
Boeing	26 1/4	26 1/4	26 1/4	+1/4
McKesson	25 1/4	25 1/4	25 1/4	+1/4
Amgen	24 1/4	24 1/4	24 1/4	+1/4
Amgen	23 1/4	23 1/4	23 1/4	+1/4

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Vol.	High	Low	Last	Chg.
IBM	115 1/8	115 1/8	115 1/8	+1/8
GE	40 1/4	40 1/4	40 1/4	+1/4
AT&T	54 1/2	54 1/2	54 1/2	+1/2
Merck	48 1/4	48 1/4	48 1/4	+1/4
Johnson & Johnson	28 1/4	28 1/4	28 1/4	+1/4
Amgen	27 1/4	27 1/4	27 1/4	+1/4
Boeing	26 1/4	26 1/4	26 1/4	+1/4
McKesson	25 1/4	25 1/4	25 1/4	+1/4
Amgen	24 1/4	24 1/4	24 1/4	+1/4
Amgen	23 1/4	23 1/4	23 1/4	+1/4

## Chicago Exchange Options

Figures as of close of trading Friday, Jan. 27

Option & price	Calls	Puts	Option & price	Calls	Puts	Option & price	Calls	Puts
IBM	115 1/8	115 1/8	GE	40 1/4	40 1/4	AT&T	54 1/2	54 1/2
Merck	48 1/4	48 1/4	Johnson & Johnson	28 1/4	28 1/4	Amgen	27 1/4	27 1/4
Boeing	26 1/4	26 1/4	McKesson	25 1/4	25 1/4	Amgen	24 1/4	24 1/4
Amgen	23 1/4	23 1/4	Amgen	22 1/4	22 1/4	Amgen	21 1/4	21 1/4
Amgen	20 1/4	20 1/4	Amgen	19 1/4	19 1/4	Amgen	18 1/4	18 1/4
Amgen	17 1/4	17 1/4	Amgen	16 1/4	16 1/4	Amgen	15 1/4	15 1/4
Amgen	14 1/4	14 1/4	Amgen	13 1/4	13 1/4	Amgen	12 1/4	12 1/4
Amgen	11 1/4	11 1/4	Amgen	10 1/4	10 1/4	Amgen	9 1/4	9 1/4
Amgen	8 1/4	8 1/4	Amgen	7 1/4	7 1/4	Amgen	6 1/4	6 1/4
Amgen	5 1/4	5 1/4	Amgen	4 1/4	4 1/4	Amgen	3 1/4	3 1/4
Amgen	2 1/4	2 1/4	Amgen	1 1/4	1 1/4	Amgen	1/4	1/4

## American Exchange Options

Figures as of close of trading Friday, Jan. 27

Option & price	Calls	Puts	Option & price	Calls	Puts	Option & price	Calls	Puts
IBM	115 1/8	115 1/8	GE	40 1/4	40 1/4	AT&T	54 1/2	54 1/2
Merck	48 1/4	48 1/4	Johnson & Johnson	28 1/4	28 1/4	Amgen	27 1/4	27 1/4
Boeing	26 1/4	26 1/4	McKesson	25 1/4	25 1/4	Amgen	24 1/4	24 1/4
Amgen	23 1/4	23 1/4	Amgen	22 1/4	22 1/4	Amgen	21 1/4	21 1/4
Amgen	20 1/4	20 1/4	Amgen	19 1/4	19 1/4	Amgen	18 1/4	18 1/4
Amgen	17 1/4	17 1/4	Amgen	16 1/4	16 1/4	Amgen	15 1/4	15 1/4
Amgen	14 1/4	14 1/4	Amgen	13 1/4	13 1/4	Amgen	12 1/4	12 1/4
Amgen	11 1/4	11 1/4	Amgen	10 1/4	10 1/4	Amgen	9 1/4	9 1/4
Amgen	8 1/4	8 1/4	Amgen	7 1/4	7 1/4	Amgen	6 1/4	6 1/4
Amgen	5 1/4	5 1/4	Amgen	4 1/4	4 1/4	Amgen	3 1/4	3 1/4
Amgen	2 1/4	2 1/4	Amgen	1 1/4	1 1/4	Amgen	1/4	1/4

## NASDAQ National Market

OTC Consolidated trading for week ended Friday.

Stock	High	Low	Close	Chg.
IBM	115 1/8	115 1/8	115 1/8	+1/8
GE	40 1/4	40 1/4	40 1/4	+1/4
AT&T	54 1/2	54 1/2	54 1/2	+1/2
Merck	48 1/4	48 1/4	48 1/4	+1/4
Johnson & Johnson	28 1/4	28 1/4	28 1/4	+1/4
Amgen	27 1/4	27 1/4	27 1/4	+1/4
Boeing	26 1/4	26 1/4	26 1/4	+1/4
McKesson	25 1/4	25 1/4	25 1/4	+1/4
Amgen	24 1/4	24 1/4	24 1/4	+1/4
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Stock	High	Low	Close	Chg.
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GE	40 1/4	40 1/4	40 1/4	+1/4
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Boeing	26 1/4	26 1/4	26 1/4	+1/4
McKesson	25 1/4	25 1/4	25 1/4	+1/4
Amgen	24 1/4	24 1/4	24 1/4	+1/4
Amgen	23 1/4	23 1/4	23 1/4	+1/4

## D.C.C. DOSSIER DE GESTION COLLECTIVE S.A.

24 Boulevard Royal, Luxembourg.

Membres les actionnaires sont invités à se réunir à la

Assemblée Générale Extraordinaire

qui se tiendra le mercredi 15 février 1989, à 13 h 30, au siège social, à l'adresse ci-dessous.

ORDRE DU JOUR

1. Proposition du Conseil d'Administration de modifier les statuts de la société.

2. Proposition du Conseil d'Administration de modifier les statuts de la société.

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